EVOLVING THROUGH RESILIENCE

REGNIS (LANKA) PLC
ANNUAL REPORT 2021/22

REGNIS
Regnis (Lanka) PLC

REGNIS
Regnis (Lanka) PLC

EVOLVING THROUGH RESILIENCE

REGNIS (LANKA) PLC RECORDED YET ANOTHER SUCCESSFUL YEAR, DEMONSTRATING ITS RESILIENCE AND STRENGTH. OUR ABILITY TO IDENTIFY AND EFFECTIVELY RESPOND WITH AGILITY TO EVOLVING CUSTOMER NEEDS THROUGH INNOVATIVE PRODUCT OFFERINGS HAS BEEN A KEY SOURCE OF OUR COMPETITIVE EDGE.

AS SRI LANKA'S MARKET LEADER IN REFRIGERATORS AND A LEADING PLAYER IN THE WASHING MACHINES SEGMENT, WE HARNESSED OUR POTENTIAL TO CREATE A SIGNIFICANT IMPACT TO MEET THE EVOLVING ASPIRATIONS OF OUR CUSTOMERS AND OTHER STAKEHOLDERS. IT WAS INDEED A TRANSFORMATIVE YEAR FOR INNOVATION, AS WE PROGRESSED STEADILY ON OUR ASPIRATIONS OF DELIVERING LOCALLY MANUFACTURED, WORLD-CLASS PRODUCTS TO THE SRI LANKAN MARKET.

CONTENT

CHAIRMAN'S STATEMENT 14

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW 16

OUR VISION

TO BE AMONG THE BEST MANUFACTURERS OF WORLD-CLASS WHITE GOODS IN ASIA PACIFIC

OUR MISSION

TO IMPROVE THE QUALITY OF LIFE BY PROVIDING COMFORTS AND CONVENIENCES AT FAIR PRICES

OUR VALUES

- LEAD WITH RESPECT
- DEMONSTRATE RESPONSIBILITY AND INTEGRITY
- IMPROVE AND INNOVATE PASSIONATELY
- COLLABORATE FOR SUCCESS
- RESPOND WITH AGILITY
- DRIVE SUSTAINABILITY

OUR OBJECTIVES

TO BE THE MARKET LEADER IN OUR PRODUCT AND MARKET SEGMENTS

PROVIDE OUR CONSUMERS WITH THE BEST SERVICE IN THE ISLAND

PROVIDE OUR CONSUMERS WITH PRODUCTS OF LATEST TECHNOLOGY

DEVELOP OUR EMPLOYEES TO ACHIEVE THEIR REAL POTENTIAL

PROVIDE OUR SHAREHOLDERS WITH STEADY ASSET GROWTH AND RETURN ON INVESTMENT ABOVE OUR INDUSTRY NORM

GROW OUR REVENUE AND PROFITS AT A RATE ABOVE THE CURRENT INDUSTRY NORMS

CONSUMERS

WE LIVE UP TO THE EXPECTATIONS OF A RESPONSIBLE ORGANISATION BY CONTRIBUTING TO THE IMPROVEMENT IN THE QUALITY OF LIFE OF OUR CUSTOMERS THROUGH OUTSTANDING PRODUCTS AND SERVICES

EMPLOYEES

WE RESPECT EACH OTHER AS INDIVIDUALS AND ENCOURAGE CROSS FUNCTIONAL TEAMWORK WHILE PROVIDING OPPORTUNITIES FOR CAREER DEVELOPMENT

SHAREHOLDERS

WE PROVIDE A REASONABLE RETURN WHILE SAFEGUARDING THEIR INVESTMENT

SUPPLIERS

WE DEVELOP OUR SUPPLIERS TO BE PARTNERS IN PROGRESS AND WE SHARE OUR GROWTH WITH THEM

COMPETITORS

WE RESPECT OUR COMPETITORS AND RECOGNISE THEIR CONTRIBUTION TO MARKET VALUE

COMMUNITY

WE CONDUCT OUR BUSINESS BY CONFORMING TO THE ETHICS OF OUR COUNTRY AND SHARE THE SOCIAL RESPONSIBILITY OF THE LESS FORTUNATE

HISTORICAL MILESTONES

1980

1987
Incorporated as a limited liability company with an issued Share Capital of Rs.10 Mn. Public share issue attracts 1,200 investors, with the majority owning less than 500 shares

1988
Commercial production begins with two models of Single-Door Refrigerators.

1989
Two models of Gas Cookers come off the production line.

1990

1990
Double-Door Refrigerators were introduced.

1994
225 ltr. Chest Freezer introduced.

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

1995

1995
A Double-Door 8 cu. ft. Refrigerator and a 325 ltr. Chest Freezer added to the product range.

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

1996
Chest Freezer range expanded with a 425 ltr. model. Successfully completed first phase of production of Refrigerators using Environmental friendly gas.

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

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

1997
Refrigerators with CFC-free refrigerants introduced to the market, ten years ahead of schedule to phase out CFCs.

1999
Sri Lanka Standards Institution Awards ISO 9002 Certification. CFC Project completed.

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

Bottle Coolers produced for Nestlé Lanka Ltd.

2000

2000
Washing Machine assembly shifted to new building. Refrigerators and Freezer production lines re-laid to obtain more productivity and increased efficiency.

2001
Successful completion of 3-Zero programme aimed at cost reduction and waste elimination.

Manufacture of Sisil range of Refrigerators began.

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

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

2003
Commenced commercial production of No- Frost Refrigerator. Exported Deep Freezers to India. Purchased land to set-up an Injection Moulding facility.

2004
New building constructed and inhouse manufacture of plastic components commenced. Bonus issue of shares on the basis of one new share for every three held.

2005

2006
Two new Refrigerator models introduced incorporating Nano Silver Technology. 650-ton Injection Moulding Machine installed to produce plastic components.

2007
A new product - the Chest Type Cooler - developed and released to the market for use by milk distribution centers.

2008

220 ltr. Freezer cum Bottle Cooler developed.

2009

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

2010

2010

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

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

2011

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

2012

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

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

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

2013

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

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

Profit for the yearcrossed Rs. 100 Mn mark.

Introduced ECO series for Sisil brand.

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

2014

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

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

2015

2015

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

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

The Company complied with ISO 14000 Certification.

2016

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

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

2017

Launched four models of 'GEO Smart' series refrigerators

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

2018

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

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

2020

2019/20

Introduced six large capacity digital inverter series of refrigerators.

2020/21

Introduced Stainless Steel SV range with new door finishers.

Successful Implementation of IFS manufacturing ERP system.

2021/22

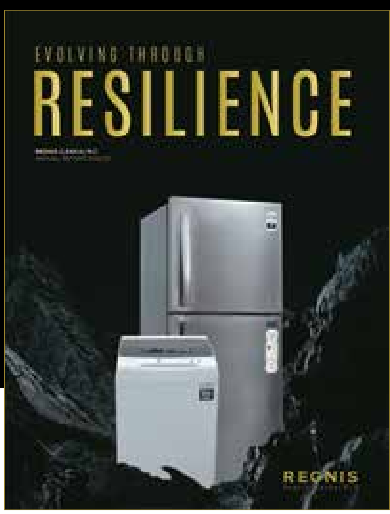
Introduced new Refrigerator range with floral design

Launched a new series of washers with Metal cabinets

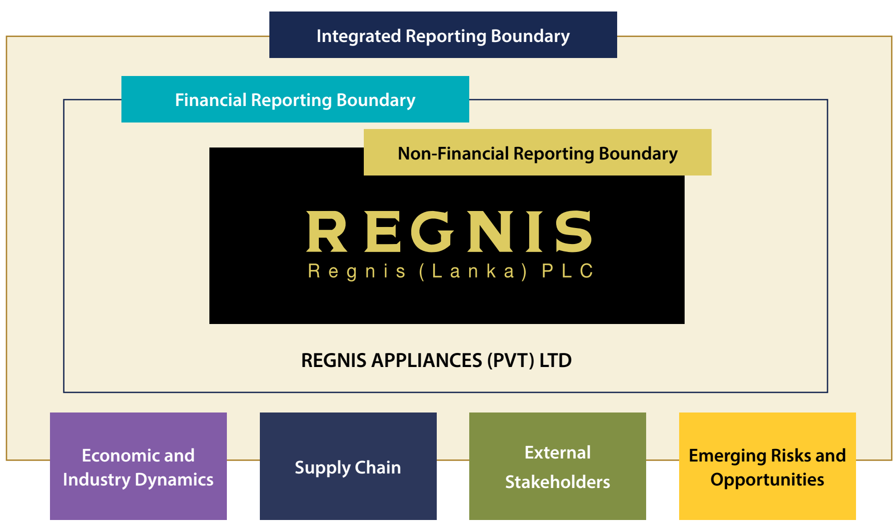
ABOUT THIS REPORT

REGNIS (LANKA) PLC

ANNUAL REPORT 2021/22



THIS YEAR, WE PRESENT THE 4TH INTEGRATED ANNUAL REPORT OF REGNIS (LANKA) PLC PROVIDING A HOLISTIC, TRANSPARENT AND CONCISE ASSESSMENT OF HOW WE DIRECTED STRATEGY TO CREATE VALUE TO OUR STAKEHOLDERS. THE REPORT IS PRIMARILY TARGETED TOWARDS PROVIDERS OF FINANCIAL CAPITAL, ALTHOUGH IT INCLUDES INFORMATION THAT IS RELEVANT TO OUR STAKEHOLDERS. DESPITE THE NUMEROUS OPERATING CHALLENGES PRESENTED BY THE COVID-19 PANDEMIC AND DEEPENING MACRO-ECONOMIC INSTABILITY. WE HAVE MAINTAINED CONSISTENCY IN OUR REPORTING PRACTICE, COMPLYING WITH BOTH THE QUANTITATIVE AND QUALITATIVE REPORTING DISCLOSURES REQUIRED BY THE INTEGRATED REPORTING FRAMEWORK AND GLOBAL REPORTING INITIATIVE (GRI) STANDARDS.



REPORTING SCOPE AND BOUNDARY

The Report covers the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances (Pvt) Ltd (collectively referred to as the Group) for the period from 1st. April 2021 to 31st. March 2022. Both entities are domiciled in Sri Lanka with business interests limited to Sri Lanka. The Group adopts an annual reporting cycle and this Report builds on our previous Annual Report for the financial year ending 31st. March 2021. The financial information presented on pages 132 to 203 of this Report takes a consolidated view and is referred to as Group in the narrative reporting, while non-financial information presented throughout the Report represents that of the Company, given the Company's dominance in the Group structure.

APPROACH TO REPORTING

In addition to mandatory frameworks, we have embraced international best practice in corporate reporting, through adopting several voluntary reporting frameworks, particularly with regard to the disclosure of non-financial information.

COMPARABILITY

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.

REPORTING FRAMEWORKS, STANDARDS AND GUIDELINES	HOW OUR REPORTING IS ASSURED	REPORTING CONCEPTS
Financial Reporting • Sri Lanka Financial Reporting Standards/ Sri Lanka Accounting Standards • Companies Act No. 7 of 2007 **Narrative Reporting** • Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) **Sustainability Reporting** • This report has been prepared in accordance with GRI Standards - Core option • UN Sustainability Development Goals (SDG's) • Gender Parity Reporting Framework-CA Sri Lanka **Corporate Governance** • Listing Requirements of the Colombo Stock Exchange • Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka	The Group Internal Audit function and the Group Audit Committee ensure the integrity of the financial reporting processes and internal controls External assurance on the financial reporting has been provided by the Messrs. KPMG The integrity of the Sustainability and ESG information presented in this Report is ensured through review by the Sustainability Unit of the Singer (Sri Lanka) PLC Non-financial assurance/ sustainability assurance is provided by Messrs. Ernst and Young	**Strategic Focus** Increased disclosures on how we traded-off capitals in delivering our strategy **Comparability** Comparable information is presented wherever possible **Connectivity** Use of navigation icons and signposting across Report

REPORTING IMPROVEMENTS

- INCREASED CONNECTIVITY OF INFORMATION THROUGH THE USE OF NAVIGATION ICONS AND SIGNPOSTING.
- REFINED AND WIDENED THE SCOPE OF THE CARBON FOOTPRINT CALCULATION IN LINE WITH THE REQUIREMENTS OF NATIONAL ENGINEERING RESEARCH AND DEVELOPMENT CENTRE OF SRI LANKA.

CAPITALS DEFINED IN THE INTEGRATED REPORTING FRAMEWORK					
Financial Capital	Manufactured Capital	Human Capital	Intellectual Capital	Social & Relationship Capital	Natural Capital

STRATEGIC PRIORITIES			
OPERATIONAL EXCELLENCE	INNOVATION	MANAGING RELATIONSHIPS	SUSTAINABILITY

ASSURANCE

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

BOARD RESPONSIBILITY

The Board of Directors confirm that the 2021/22 Annual Report addresses all relevant material matters and fairly represents the Group's integrated performance. We also confirm that the Report has been prepared in line with the guidelines presented by the Integrated Reporting Framework. The Report is approved and authorized for publication.

Signed on behalf of the Board,

(Sgd.)
K D Kospelawatta
Director

13th May, 2022

Feedback
We are committed to consistently improving the quality and readability of our Annual Report and welcome your suggestions and comments. Please direct your feedback to,

Chief Financial Officer
Regnis (Lanka) PLC
No 52, Ferry Road, Off Borupana Road, Ratmalana,
Sri Lanka
Email kanchanaa@singersl.com

YEAR IN REVIEW

It was a year of unprecedented volatility and uncertainty for the Group; we commenced the year on a strong footing, with demand remaining robust for both product categories. However, the country's deepening macro-economic vulnerabilities and the severe shortage in foreign currency liquidity had a significant impact on operations during the second half of the year.

HIGHLIGHTS OF 2021/22

OPERATING ENVIRONMENT

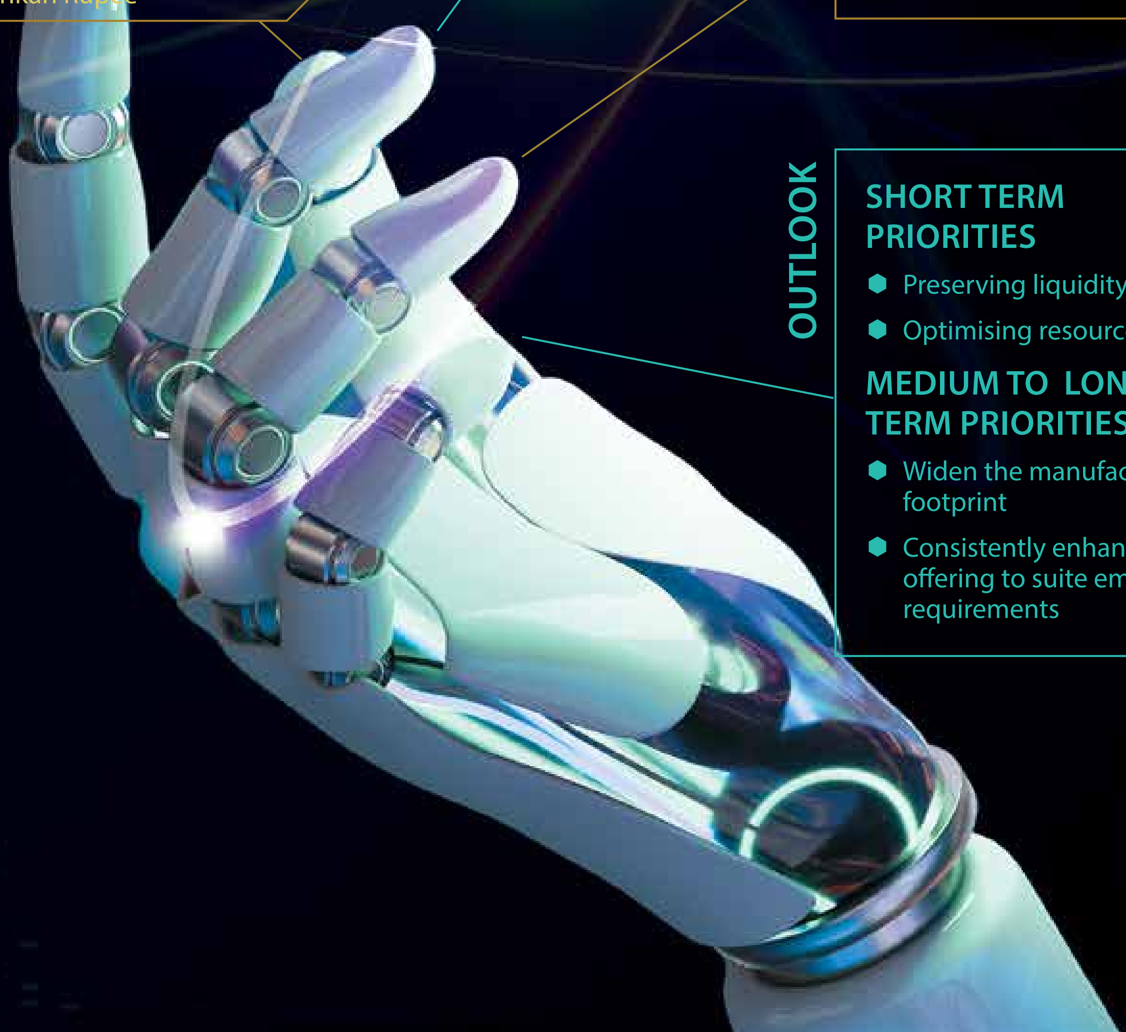
- Resilient demand for most part of the year
- Supply side challenges towards the second half of the year stemming from challenges in procuring imported raw material
- Sharp increase in cost of production following the depreciation of the Sri Lankan Rupee

STRATEGIC PRIORITIES

- Revamp and upgrade of the refrigerator and Washing Machine portfolio
- Productivity and efficiency drive
- Managing the supply chain
- Well-being of our employees

PERFORMANCE

- Volume growth of 17% and 9% for washing machines and refrigerators respectively
- +37% revenue growth
- 59% decline in operating profit due to sharp increase in costs
- Profit After Tax of Rs.27 million (from Rs.187 million in 2020/21)



OUTLOOK

SHORT TERM PRIORITIES

- Preserving liquidity
- Optimising resources

MEDIUM TO LONG-TERM PRIORITIES

- Widen the manufacturing footprint
- Consistently enhancing our offering to suite emerging requirements

AWARDS

SINGER WAS CROWNED AS THE "SLIM KANTAR PEOPLE'S BRAND OF THE YEAR" FOR THE 16TH CONSECUTIVE YEAR

SINGER WON THE PEOPLE'S DURABLE BRAND OF THE YEAR AT SLIM KANTAR PEOPLE'S AWARDS

SINGER CERTIFIED AS ONE OF THE BEST PLACES TO WORK IN SRI LANKA

THE COMPANY'S ANNUAL REPORT THEMED "STRIDES OF PROGRESS" WAS RECOGNISED WITH A BRONZE AWARD WHICH HIGHLIGHTED THE COMPANY'S COMMITMENT TO MAINTAINING TRANSPARENCY AND ACCOUNTABILITY.

BRONZE AWARD - MANUFACTURING COMPANIES (TURNOVER ABOVE LKR 5 BN) @ 56TH ANNUAL REPORT AWARD CEREMONY BY CASL

HAYLEYS CHAIRMAN'S AWARD (2021) IN THE CONSUMER & RETAIL SECTOR FOR 'REVITALISING THE REFRIGERATOR CATEGORY AT SINGER'

SNAPSHOT OF 2021/22

		GROUP		COMPANY	
		2021/22	2020/21	**2021/22**	2020/21
FINANCIAL PERFORMANCE					
Revenue - Net	Rs.million	**7,272.1**	5,322.8	**5,244.3**	3,941.9
Gross profit	Rs.million	**139.5**	264.8	**66.3**	200.3
Operating profit	Rs.million	**91.5**	221.4	**36.6**	184.4
Net finance cost	Rs.million	**(54.0)**	(52.7)	**(34.9)**	(35.4)
Profit before tax	Rs.million	**37.5**	168.7	**1.7**	149.0
Income tax reversal/ (expense)	Rs.million	**(10.4)**	18.1	**(2.5)**	23.3
Profit/(loss) for the year	Rs.million	**27.1**	186.9	**(0.8)**	172.3
Gross dividend	Rs.million	**N/A**	N/A	**-**	58.6
FINANCIAL POSITION					
Property, plant and equipment	Rs.million	**1,317.2**	1,215.8	**1,206.3**	1,132.8
Non-current assets	Rs.million	**162.2**	140.4	**202.2**	202.5
Current assets	Rs.million	**3,422.8**	2,393.3	**2,519.6**	1,720.9
Total assets	Rs.million	**4,902.1**	3,749.4	**3,928.1**	3,056.2
Shareholders' funds	Rs.million	**1,849.2**	1,711.1	**1,617.9**	1,507.2
Borrowings	Rs.million	**717.0**	546.1	**440.1**	359.4
Total liabilities	Rs.million	**2,335.9**	1,492.2	**1,870.2**	1,189.6
SHARE INFORMATION					
Highest value recorded during the year	Rs	**N/A**	N/A	**90.00****	160.00 *
Lowest value recorded during the year	Rs	**N/A**	N/A	**44.00****	40.00 **
Market value per share at 31st March 2022 -(2021 -31st March)	Rs	**N/A**	N/A	**54.50****	49.10 **
Market capitalisation as at 31st March 2022 -(2021 -31st March)	Rs.million	**N/A**	N/A	**1,228.2**	1,106.5
PROFITABILITY RATIOS					
Gross margin	%	**1.9%**	5.0%	**1.3%**	5.1%
Operating margin	%	**1.3%**	4.2%	**0.7%**	4.7%
Net profit margin	%	**0.4%**	3.5%	**-0.02%**	4.4%
Return on total assets	%	**0.6%**	5.0%	**-0.02%**	5.6%
LIQUIDITY RATIOS					
Current ratio	Times	**1.26**	1.37	**1.25**	1.36
Quick asset ratio	Times	**0.62**	0.50	**0.66**	0.54
EQUITY RATIOS					
Net asset value per share **	Rs	**82.1**	75.9	**71.8**	66.9
Earnings/(loss) per share **	Rs	**1.2**	8.3	**(0.04)**	7.6
Dividend per share **	Rs	**N/A**	N/A	**-**	2.6
Dividend payout **	%	**N/A**	N/A	**-**	34%
Dividend cover **	Times	**N/A**	N/A	**-**	2.9
P/E ratio**	Times	**N/A**	N/A	**N/A**	6.4
Return on equity	%	**1.5%**	10.9%	**-0.1%**	11.4%
DEBT RATIOS					
Gearing ratio	%	**27.9%**	24.2%	**21.4%**	19.3%
Interest cover	Times	**1.5**	3.5	**0.8**	3.8

** Prior to the sub-division of shares* *** Subsequent to the sub-division of shares*

OPERATIONAL HIGHLIGHTS

MANUFACTURED CAPITAL

PPE
1,317 million
(2020/21: Rs. 1,216)

Rs. 63.87 million
Capital expenditurew

Refrigerator
53 models
+13%

Washers
11 models
-8%

Rs. 57.5 million
ınvestments in mechanization and automation
80% Capacity utilisation (2020/21: 80%)

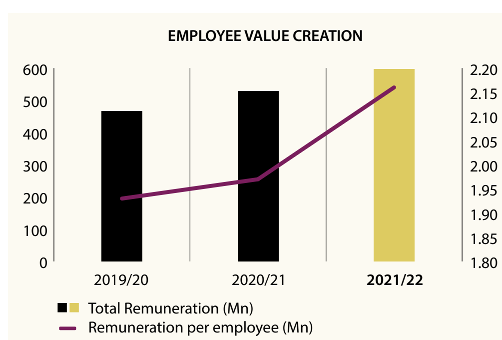
HUMAN CAPITAL

517 employees
(2020/21: 477)

Training record
489 training hours
(2020/21: 1253.5)

3%
Female representation including **1%** at management level

1.7 million
Investment in training



93 % Retention rate	**49** Promotions	**08** New recruits	**21** Workplace injuries

OPERATIONAL HIGHLIGHTS

SOCIAL AND RELATIONSHIP CAPITAL

97%
Customer satisfaction

Rs. 6,711 million
Supplier payments (+30%)

31%
Spending on local suppliers

INTELLECTUAL CAPITAL

No. of products
Refrigerator 53
Washers 11

Rs. 1 million
R&D

NATURAL CAPITAL

Regnis (Lanka) PLC		2021/22	2020/21
Energy consumption	kJ	4,040	3,291
Energy intensity	kJ/unit	32,375.05	28,482.20
Water consumption	M^3	10,806	19,335
Water consumption/unit	M^3/unit	0.03	0.17
Solid waste generation	MT	147.88	149.5
Carbon footprint	MT	822.87	763.26

Regnis Appliances		2021/22	2020/21
Material	MT	1,997.00	-
Energy consumption	kJ	4,017.00	-
Energy intensity	kJ/unit	66,071.25	-
Water consumption	M^3	15,747.00	-
Water consumption/unit	M^3/unit	0.04	-
Solid waste generation	MT	-	-
Carbon footprint	MT	-	-

A TOUCH OF ELEGANCE TO YOUR LIFESTYLE

WITH SINGER & SISIL REFRIGERATORS

Proudly introducing truly Sri Lankan made refrigerators, manufactured to global standards with the latest technology, to enrich the lives of all Sri Lankan families.

SINGER

CHAIRMAN'S STATEMENT

Dear Shareholder,

I write to you at the end of a year which continued to test our individual and collective resilience. As our operating landscape was dominated by COVID-19 led disruptions and deepening macro-economic instability, Regnis (Lanka) PLC placed relentless focus on adapting its business model and making the tough choices required to ensure continued value creation to its stakeholders. As a result, the Group made considerable operational progress despite numerous external challenges, maintaining its market leadership position and building a future-fit product portfolio. It is my pleasure to present you the Annual Report and Financial Statements for the year ending 31st March 2022.

NAVIGATING THE ECONOMIC LANDSCAPE

COVID-19 exacerbated existing imbalances in the Sri Lankan economy, exerting pressure on the country's external sector leading to an economic crisis. The sharp fall in tourism earnings and worker remittances in 2021, coupled with international debt service commitments led to a gradual depletion of the country's foreign exchange reserves. This resulted in businesses facing increased challenges in sourcing imported raw materials reflecting a shortage in foreign exchange liquidity in the banking system. The crisis deepened in 2022, leading to shortages in essential items, and interruptions to power and energy supply, which are critical to our continued operations. Subsequent to the adoption of free float exchange rate in March 2022, Sri Lankan Rupee (LKR) depreciated against the USD, The shortage and volatility persisted in the domestic foreign exchange market. The depreciation of LKR, together with the rise in global commodity prices also led to escalating inflationary pressures, with y-o-y inflation measure by NCPI increasing to 21.5% in March 2022.

While demand remained largely resilient during the year, the Consumer Durables industry faced the inevitable supply-side challenges stemming from the economic crisis. In addition to the domestic challenges in procuring imported raw materials, the surge in global freight rates and an increase in commodity prices led to a significant increase in cost of production. Product prices were revised upwards to reflect this increase, which, given the current high inflation and subdued sentiments, is expected to lead to a slowdown in demand, at least over the immediate term. As uncertainties mounted, the Group focused on ensuring continuity of production through proactively addressing supply chain issues and managing working capital cycles. These measures, along with the Group's other strategic imperatives are discussed in the Chief Executive Officer's Review on page 16 of this Annual Report. As a domestic manufacturer, Regnis was better able to withstand these challenges, compared to competing brands which are imported in their entirety. The Group adopted a long-term view to strategy and value creation, reflecting our optimism that the country will emerge from this crisis sooner, rather than later.

PRESERVING VALUE

In a fluid operating landscape, robust corporate governance frameworks provide a solid foundation for navigating emerging complexities. The Group benefits from the strong policies, frameworks, and procedures of its ultimate parent, Hayleys PLC and Board activities continued uninterrupted despite the challenges that prevailed. Given the prevalent conditions, the Board strengthened engagement with the leadership team, continuously evaluating the impact of the macro-economic developments on the Group's performance, stability and future outlook. Other areas of board focus included management of supply chain disruptions, cost of production, employee safety, movements in commodity prices and new product development among others.

INTEGRATING SUSTAINABILITY

The pandemic has thrown into sharper focus the inter-connectedness that exists externalities such as income inequality, access to technology, climate change and well-being. This has brought to light the critical importance of embedding sustainability considerations into organisations' strategy and day-to-day business. As a manufacturing organisation, we are committed to reducing the environmental impacts of our operations and are driving concerted efforts to enhance energy efficiency, reduce water consumption and increase the use of sustainable packaging.

CONTINUED DEMAND FOR OUR PRODUCTS, AMIDST CHALLENGING MACRO-ECONOMIC CONDITIONS VALIDATE THE VALUE PROPOSITION WE OFFER TO CUSTOMERS THROUGH INNOVATION, SUPERIOR PRODUCT QUALITY AND VALUE-FOR-MONEY OFFERINGS.

To this end, the Group has successfully replaced 65% of its Styrofoam packaging with paper-pulp packaging, thereby reducing its impact on waste-to-landfill. We also continue to drive efforts towards increasing local value addition through developing local suppliers and generating both direct and indirect employment.

SHAREHOLDER VALUE

The Group delivered a commendable revenue growth of 37% during the year, supported by volume growth in both refrigerators and washing machines. Continued demand for our products, amidst challenging macro-economic conditions validate the value proposition we offer to customers through innovation, superior product quality and value-for-money offerings. Despite strong top line growth, the Group's profitability was impacted by factors beyond its control, as the sharp depreciation in the exchange rate and escalating input costs resulted in a significant increase in cost of production, which in turn affected profitability margins. As such the Group's Profit-for-the year declined 86% to Rs.27 Mn; earnings per share also declined to Rs.1.20 from Rs. 8.29 the previous year.

OUTLOOK & PLANS

We are cognisant of the inevitable short-term challenges stemming from the country's

macro-economic landscape. Key downside risks to the Group include the foreign exchange liquidity crisis, interruptions to energy and electricity supply. The inevitable increase in product prices and reduction in disposable income with domestic inflation is likely to affect demand for our products in the short-term. The Group is bracing for these impacts through preserving liquidity, effectively managing working capital cycles, enhancing operating efficiencies and strengthening risk management practices.

Despite these short-term challenges, our medium-to-long term outlook remains positive, as we believe the appropriate monetary and fiscal policy response, much-needed structural reforms and the IMF supported Extended Fund Facility (EFF) will drive the country's economic recovery, positioning it on a path to sustainable growth and prosperity. The Group is excited about the opportunities that such a recovery will present and is currently pursuing expansion of its manufacturing activities, exploring the entry into complementary product categories that would preserve the country's valuable foreign exchange through import substitution. We will also continue to upgrade our product portfolio to cater to the increasingly sophisticated needs of our customers as we build a world-class product range.

ACKNOWLEDGEMENTS

In closing, I would like to express my appreciation to my colleagues on the Board for their valuable counsel and guidance amidst extraordinarily challenges. I also extend my gratitude to the CEO, Factory Director, and all employees of Team Regnis for their commitment, passion and unstinted support during the year. I also take this opportunity to thank all our customers, suppliers and stakeholders who have partnered us in our journey of growth.

Thank you.

(Sgd.)
Mohan Pandithage
Chairman

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Stakeholder,

The past year has been uniquely confronting for many Sri Lankan businesses and the customers they serve, with organisations dealing with disruptions that have been unparalleled in our lifetimes. The Group's operations were inevitably affected by the unprecedented health and socio-economic impacts of the pandemic during first half and the country's deepening macro-economic vulnerabilities in the second half. Against this backdrop, the Regnis Group leveraged its manufacturing capabilities, deep industry insights and positive stakeholder relationships to demonstrate strong operational performance. Despite the inevitable immediate-term challenges, I am confident that the tenacity and commitment of our team has laid the foundation for the Company's continued success.

PERFORMANCE OVERVIEW

As detailed in the Chairman's Message on page 14 of this Report, the prevalent economic crisis impacted the Group primarily through a surge in cost of imported input materials given the shortage of foreign exchange liquidity in the domestic banking system and the depreciation of the Sri Lankan Rupee towards the latter part of the year. Prior to the emergence of these external headwinds, the Group was well on its way to deliver yet another year of growth and profitability. Demand remained robust for most part of the year, with washing machines and refrigerators recording a volume growth of 17% and 9% respectively. Resultantly, Consolidated Revenue recorded strong growth of 37% to Rs. 7.27 billion as the Group swiftly ramped up capacity and capitalised on the opportunity presented by import restrictions. As economic conditions softened, customers demonstrated increasing preference towards affordable products, which in turn led to direct cool refrigerator volumes increasing by 10%, while frost free refrigerator volumes remained relatively unchanged over the previous year. While top line growth remained strong, the Group's profitability was adversely affected by factors beyond its control, particularly in the last quarter of the year. A near 25% increase in raw material costs coupled with a substantial exchange loss of Rs.257 million stemming from the depreciation of the Rupee in March 2022 inserted pressure on the Group's profitability, with Consolidated Gross Profit declining by 47% to Rs.139 million. Administrative expenses declined by 1.3% reflecting relentless focus on driving efficiency improvements and cost rationalisation, while Sales & Distribution expenses increased by 52% in view of the higher transport costs, stemming from both increased activity levels as well as the surge in fuel prices during the year. Resultantly, the Group's Operating Profit declined by 58.6% to Rs. 92 million during the year. Net Finance Cost increased marginally to Rs.54 million while tax expense for the year amounted to Rs.10 million, compared to a reversal of Rs.18 million the previous year, due to the reduction in corporate tax rate from 28% to 18%. Overall, the Group's Profit for the year declined to Rs.27 million, compared to Rs.187 million the previous year, reflecting a weakening of performance in the 4th quarter of the financial year. Despite the challenges that prevailed, the Group maintained its financial strength with equity accounting for 38% of total assets. Borrowings increased by 31% primarily to fund increased working capital requirements, which resulted in the Group's debt-to-equity ratio increasing to 0.39 from 0.32 the previous year, yet at healthy level.

AGILITY AND RESPONSIVENESS

Despite the many challenges that prevailed, we did not lose sight of the work to be done to support the Group's long-term growth and commercial success. Having identified the long-term trend towards increasing preference for sophisticated and convenient products, the Group successfully revamped and upgraded its refrigerator portfolio during the year. Achieved through the co-ordinated efforts of both the marketing and production teams, this has enabled the Group to significantly enhance its value proposition to customers, providing access to a truly world-class product portfolio. We also enhanced our washing machine offering during the year, with the launch of the metal cabinet model. With import restrictions on consumer durables likely to persist over the short-to-medium term, we are now aptly positioned to cater to a potential surge in demand for locally manufactured products, thereby further fortifying our market leadership position in both refrigerators and washing machines.

Achieving operational excellence through ongoing focus on process efficiencies and productivity improvements has been a key priority for the Group, as we hard coded the learnings obtained from the implementation of Total Productivity Maintenance. Concerted lean initiatives during the year, resulted in cost savings. while also contributing towards nurturing a cost-conscious, and productivity-driven culture in which waste is minimised.

As discussed in the Chairman's Message on page 14 of this Report, sustainability has always been a vital element of our ethos. We progressed in our efforts to reduce Styrofoam packaging through replacing these elements with paper pulp, which has resulted in the gradual reduction of Styrofoam. Given the shortage in packaging material during the year, this initiative proved to be both commercially favourable and environmentally sustainable.

HAVING IDENTIFIED THE LONG-TERM TREND TOWARDS INCREASING PREFERENCE FOR SOPHISTICATED AND CONVENIENT PRODUCTS, THE GROUP SUCCESSFULLY REVAMPED AND UPGRADED ITS REFRIGERATOR PORTFOLIO DURING THE YEAR.

WE ARE KEEN TO WIDEN OUR MANUFACTURING FOOTPRINT TO COMPLEMENTARY PRODUCTS OVER THE MEDIUM-TERM AS WE LEVERAGE OUR MANUFACTURING CAPABILITIES, TECHNOLOGY AND UNIQUE SKILL BASE TO ENHANCE OUR OFFERING.

THE STRENGTH OF OUR TEAM

The Group's demonstrated resilience during a turbulent second half is testament to the teamwork, passion and dedication of our incredible team who have had to work under immensely challenging conditions. Despite the numerous challenges that prevailed, our team rallied together to focus relentlessly on managing supply chain difficulties thereby ensuring uninterrupted manufacturing. In addition to driving a collaborative response to the COVID-19 pandemic we facilitated vaccinations for all employees, sponsored treatment at interim care centres for all infected employees and continued to invest in hygiene, safety and preventive measures. The Group's employee retention levels remained healthy at 96%, attesting to the strength of the value proposition offered to our employees.

WAY FORWARD

The Group's immediate to short-term outlook remains challenged by the prevalent economic conditions, which include more pronounced difficulties in sourcing input material, interruptions to fuel and energy supply, as well as the escalation in interest rates which have rendered near term capital investments unlikely.

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

While product prices have increased sharply, the escalation in inflation is likely to lead to subdued demand for consumer durable products given their discretionary nature. Against this backdrop, the Group's short-term priorities will include preserving liquidity, optimising resources to maintain a steady level of production and ensuring the financial security of its employees.

Over the medium-term we are committed to accelerating our efforts to remain competitive and sustainable. We are keen to widen our manufacturing footprint to complementary products over the medium-term as we leverage our manufacturing capabilities, technology and unique skill base to enhance our offering. We are optimistic that following the implementation of much-needed reforms, Sri Lanka will be positioned for strong economic growth, with higher contributions from local manufacturing and reduced reliance on imports. As Sri Lanka's largest manufacturer of consumer durables, we are aware of the contribution we can make in supporting this aspiration, as we seek to enhance local value addition through a wider manufacturing footprint.

ACKNOWLEDGEMENTS

I would like to take this opportunity to extend my appreciation and gratitude to the Chairman, Co-Chairman, and Board of Directors for their valuable counsel and continued confidence placed in me and my team. The Regnis Team has shown extraordinary dedication, passion and commitment and I extend my gratitude to Mr. Kelum Kospelawatta, Factory Director – Associate Companies and all our employees for continued support. I also wish to thank all our stakeholders including our customers, suppliers and business partners for partnering our growth journey.

Thank you.

(Sgd.)
Mahesh Wijewardene
Group Chief Executive Officer

BOARD OF DIRECTORS

Left to right

Mr. K T Ramesh Chitrasiri
Mr. Sarath Clement Ganegoda
Mr. Mohamed Irzan
Mr. Noel Laxman Sanath Joseph
Mr. Abeyakumar Mohan Pandithage (Chairman)
Mr. Mohamed Hisham Jamaldeen
Mr. Mahesh Wijewardene
Mr. Dilip Kumar De Silva Wijeyeratne
Mr. V J Shanil Perera
Mr. Kelum Kospelawatta
Mr. Kalupathiranalage Don Gamini Gunaratne

BOARD OF DIRECTORS

MR. MOHAN PANDITHAGE

Executive Chairman

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

Appointed to the Board of Regnis (Lanka) PLC in 2017.

Fellow of the Chartered Institute of Logistics and Transport (UK). Serves as 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 (CASA).

Leadership Excellence Recognition by the Institute of Chartered Accountants of Sri Lanka. Recipient of the 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers. Honoured with a Lifetime Achievement Award by Seatrade - Sri Lanka Ports, Trade and Logistics (SLPTL) and the first-ever Sri Lanka Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport (CILT). Inducted as Legend of Logistics by the Sri Lanka Logistics and Freight Forwarding Association in recognition of services rendered to Sri Lanka's logistics industry.

MR. MAHESH WIJEWARDENE

Group Managing Director/Group Chief Executive Officer

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

Appointed to the Group Management Committee and also as an Executive Director and the Group Chief Executive Officer of Singer (Sri Lanka) PLC and its subsidiary companies with effect from 1st November 2018. He was appointed to the Singer (Sri Lanka) PLC Board on 1st June 2006. He counts for over 30 years of managerial experience in diverse fields of business.

Mr. Wijewardene holds a Master's Degree in Business Administration from the University of Southern Queensland and received the Dean's Award for Outstanding Academic Achievement. He also holds a Diploma in General Management from the Open University of Sri Lanka.

He served as the Chairman of Ceylon Chamber of Commerce – Import Section and Sri Lanka – China Business Council. Mr. Wijewardene currently serves in the Executive Council of Sri Lanka Retailers' Association and a member of the International Chamber of Commerce – Policy Committee.

He serves as a Director of Singer Industries (Ceylon) PLC, Singer Finance (Lanka) PLC, Regnis (Lanka) PLC, Regnis Appliances (Private) Limited, Singer Digital Media (Private) Limited, Singer Business School (Private) Limited, Reality Lanka Limited, Domus Lanka (Private) Limited and Equity Investments Lanka Limited.

MR. SARATH GANEGODA

Non - Executive Director

Appointed to the Board on 2nd October 2017.

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

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

MR. MOHAMED HISHAM JAMALDEEN

Independent Non-Executive Director

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

He has extensive experience in relation to accounting, corporate finance, acquisition and disposals, restructuring, strategic business development & partnerships and business planning. His experience spans across a range of industries including real estate, retail, leisure, manufacturing, agriculture, industrial solutions, power & energy, plantations, transportation and logistics. Given his deep level expertise in multiple industries, he is recognized as a sector specialist in a multitude of industries and provides vital support towards board level decision making.

Mr Jamaldeen brings forth both local and global expertise having worked as the Finance Director at Newbridge Capital Investments Limited, a property investment and development company, transacting directly into UK commercial and London residential property. He has been extensively involved in all aspects of property investment especially in transactional analysis, financing, refinancing debt structures and tax assemblies. He was instrumental in transactions involving real estate assets exceeding USD 1.6 billion during his career. His international exposure and real estate experience was gained whilst at Freeman & Partners accountancy practice (UK) and subsequently at Barclays Capital (a British multinational investment Bank).

He has the distinction of being the founder Managing Director of Steradian Capital Investments, an exclusive real estate advisory and consultancy firm with both global and local clienteles who seek exposure and asset management services for real estate investment into Sri Lanka. His key responsibilities include acquisitions, structuring debt financing, and corporate structures. Mr Jamaldeen is the key contact point for all existing foreign investors spread across Europe, East Asia and South East Asia. He has been instrumental in growing the Assets under Management to over LKR 18 billion within a short span of time. In 2020, Mr Jamaldeen was recognised by Echelon as a trail blazer and disruptor in the investments sector for his contribution towards the sector.

He further serves as the Executive Director of Lanka Realty Investments PLC, Managing Director of On'ally Holdings PLC, and functions as the Non-Executive Director of Hayleys PLC, Singer Industries (Ceylon) PLC, Regnis (Lanka) PLC and Talawakelle Tea Estates PLC. He was a former director of People's Bank.

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. NOEL LAXMAN SANATH JOSEPH

Independent Non-Executive Director

Appointed to the Board on the 2nd October 2017.

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

He serves on the Boards of Singer Industries (Ceylon) PLC, On'ally Holdings PLC, Prime Residencies PLC and is the Managing Partner of Cadteam and Proprietor of N J Consultants.

MR. KALUPATHIRANALAGE DON GAMINI GUNARATNE

Independent Non-Executive Director

Appointed to the Board on the 2nd October 2017.

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

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

MR. DILIP KUMAR DE SILVA WIJEYERATNE

Independent Non-Executive Director

Appointed to the Board on the 1st May 2018.

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

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

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

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

MR. KELUM KOSPELAWATTA

Executive Director

Appointed to the Board on 15th October 2014.

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

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

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

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

MR. MOHAMED IRZAN

Alternate Director to Mr. Kelum Kospelawatta

Appointed to the Board on 22nd January 2019.

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

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

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

MR. K.T. RAMESH CHITRASIRI

Alternate Director to Mr. S.C. Ganegoda

Appointed to the Board on 20th April 2022.

Holds a Bachelors Degree in Accounting and Finance from London School of Economics of the University of London and also holds a Master of Business Administration from Edinburgh Business School, Scotland. He is an Associate Member of the chartered Institute of Management Accountants – UK as well as the Chartered institute of Marketing – UK. He is also a certified Project Management Professional of the Project Management Institute of USA.

Mr Chitrasiri is the Finance Director of Singer (Sri Lanka) PLC and also serves as a visiting lecturer in the fields of Finance and Corporate Strategy. He counts over 15 years of experience covering multiple sectors such as diversified holdings, plantations, apparel exports, logistics and retail.

He also serves as an Alternate Director of Singer (Sri Lanka) PLC and Singer Industries (Ceylon) PLC in addition to serving on the Board of Singer Digital Media (Private) Limited.

MR. V.J. SHANIL PERERA

Alternate Director to Mr. M.H. Wijewardene

Appointed to the Board on 20th April 2022.

Mr. Shanil Perera holds BSc. in Biotechnology from the University of Adelaide and possesses an MBA (Marketing Management) from the University of Southern Queensland.

He is a senior strategic Marketing professional having over 16 years of experience in Sri Lanka and Singapore working in local and multinational FMCG, Apparel and Consumer Durable companies. He currently serves as the Marketing Director of Singer (Sri Lanka) PLC and specializes in brand building & marketing management with experience in global marketing.

MANAGEMENT TEAM

K D Kospelawatta

Factory Director

W K A P Wettewa

Factory Manager - Regnis Appliances (Pvt) Ltd

S Edirisinghe

Senior Manager- Human Resources

M Ranasinghe

Senior Materials Manager

K K Atukorala

Manager- Financial Reporting

A Amarasinghe

Stores Manager

M D D Prabhath

Senior Plant Engineer

S D Pinidiya

Senior Commercial Manager

A S Kendasinghe

Manager- Information Technology

Y C Withanachchi

Accountant - Regnis Appliances (Pvt) Ltd

G K G R Lakmali

Accountant

D W P Kandage

Engineer- Quality Assurance

S Fernando

Confidential Secretary

R G L S Rajapaksha

Factory Engineer

S A W M R S C Aranwela

Commercial Executive

I K C A P Iluppitiya

Accounts Executive

D H S R Madhusankha

Accounts Executive - Regnis Appliances (Pvt) Ltd

O S Kapilasiri

R & D Executive

ABOUT REGNIS

Regnis (Lanka) PLC is Sri Lanka's largest manufacturer of white goods, producing an estimated 40% of the country's refrigerator volumes and 42% of washing machines under the Singer and SISIL brands. The Company is a subsidiary of Singer (Sri Lanka) PLC- Sri Lanka's undisputed leader in the consumer durables market and products reach customers through the unmatched distribution network of the parent entity.

A relentless focus on technology, quality, design and process improvements have allowed the Group to gradually upgrade its portfolio, now offering a range of refrigerators and washing machines which are comparable to international brands.

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

BRAND

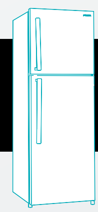
SINGER

The Singer brand is one of Sri Lanka's most loved brands, with established track record of **over 140 years**

People's Brand of the Year 2021
at SLIM-KANTAR People's Awards
for the 16th consecutive year

PRODUCT PORTFOLIO

The Group offers an array of refrigerators and washing machines, which comply to the highest standards of quality.



53 Refrigerators

11 Washing machines

SUSTAINABILITY

We are driving concerted efforts to reduce our carbon footprint and eliminate non-degradable packaging material.

STRENGTH IN DISTRIBUTION

Our products are distributed to the extensive network of our parent entity

PEOPLE AND PARTNERSHIPS

517 Employees	**250** Suppliers	**431** Island-wide customer contact point

FINANCIAL STABILITY AND PERFORMANCE

Rs. 7.2 billion Revenue	**Rs. 27 million** Profit-after-tax	**Rs. 4.9 billion** Totals assets	**Rs. 1.9 billion** Shareholders' funds	**39%** Debt to equity ratio

SOCIO-ECONOMIC IMPACTS

The year under review demonstrated the critical importance of local manufacturing and value addition within Sri Lanka's economy. In an economy which is heavily dependent on imports, we are proud to serve nearly 40% and 42% of the country's demand for refrigerators and washing machines through locally manufactured product. Given our significant local value addition Regnis generates considerable socio-economic impacts across its supply chain- from sourcing raw materials and packaging materials to manufacturing activities. These impacts are summarised below.

EMPLOYEES

Rs. 717 million (+11%)

Payments to employees

Rs. 2 million (+10%)

Remuneration per employee

Attractive rewards and remuneration

Opportunities for training and career progression

Conducive work environment

SHAREHOLDERS

1.5%

Return on equity

Following a year of record growth and profitability the Group's earnings declined in 2021/22, driven primarily by factors beyond its control.

SUPPLIERS

Rs. 6,711 million

Opportunities for mutual business growth

Ease of transactions and fair business practices

31%

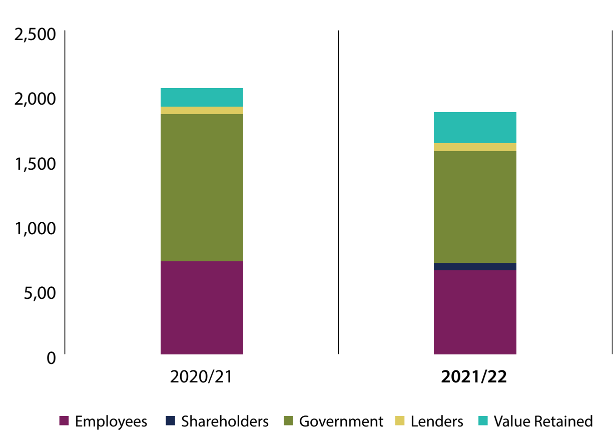
local procurement

COMMUNITIES

134

Indirect employment

10 sub-contractors and 134 indirect employees supported through our value creation process.



VALUE CREATION MODEL

The Group's value creation model as depicted below is a graphical representation of the resources and relationships we rely on (capital inputs) and how we transform these inputs through our value creation process to generate outputs and outcomes. This transformation results in the creation, preservation and/or erosion of value. Further details on this transformation is available in the Capital Management section on pages 44 to 72 of this Report.

CAPITAL INPUTS

Financial Capital

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

Shareholders' funds: **Rs. 1.8 billion**

Debt: **Rs. 717 million**

(Pages 44 to 47 for more information)

Manufactured Capital

Machinery, equipment and other physical infrastructure that facilitate production

Property, plant and equipment: **Rs. 1.3 billion**

(Pages 48 to 50 for more information)

Human Capital

Skills, attitudes and work ethic of **517** employees

(Pages 51 to 58 for more information)

Intellectual Capital

Tacit knowledge and capacity for innovation

Systems, processes and standards

(Pages 59 to 61 for more information)

Social & Relationship Capital

Suppliers: **250**
Sub-contractors: **10**
Other business partners: **134**
Community relationships

(Pages 62 to 65 for more information)

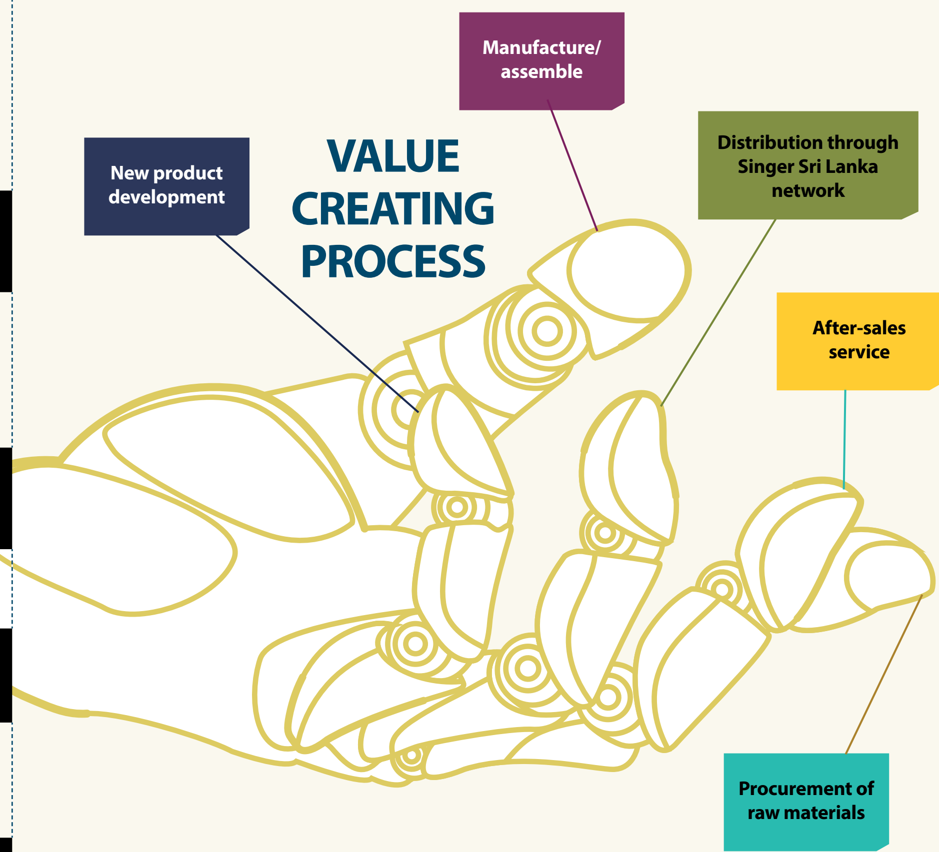
Natural Capital

Raw materials: **7,426 MT**
Water use: **26,552 M^3**
Energy consumption: **8,057KJ(Mn)**
(Pages 66 to 72 for more information)

VALUE TRANSFORMATION

Our Vision

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



1 OPERATIONAL EXCELLENCE

2 INNOVATION

3 MANAGING RELATIONSHIPS

4 SUSTAINABILITY

ALIGNED TO A HOLISTIC STRATEGY

Enabled by

Effective people management (Page 51)	Budgeting and financial management	Proactive risk management (Page 37)	Robust corporate governance practices (Page 74)

External trends affecting our strategy

Exchange rate fluctuations

Duration of the pandemic

OUTPUTS

124,797
refrigerators manufactured

60,803
washing machines manufactured/assembled

640 MT
other components manufactured

PERFORMANCE OUTCOMES

Financial Capital

Generating sustainable shareholder value

- Profit after tax: **Rs. 27 million (-86%)**
- Market capitalisation growth: **11%**

(Pages 44 to 47 for more information)

Manufactured Capital

- Capacity utilisation: **80%**
- Capital expenditure: **63.9 million**
- Volume growth: **Refs.9%, Washers 17%**

(Pages 48 to 50 for more information)

Human Capital

Creating a conducive, dynamic and rewarding work environment

- Total payment to employees : **Rs. 717 million (+11%)**
- Investment in training: **1.7 million**
- Employee retention: **93%**
- Injuries: **21**
- COVID 19 infections: **82**

(Pages 51 to 58 for more information)

Intellectual Capital

- Maintained market leadership position in both refrigerators and washing machines

(Pages 59 to 61 for more information)

Social & Relationship Capital

Maintained proactive, mutually-beneficial and equitable relationships with stakeholders

- Supplier payments: **Rs. 6,711 million**
- Payments to sub-contractors: **Rs. 141.3 million**
- Community investments: **Rs. 0.5 million**

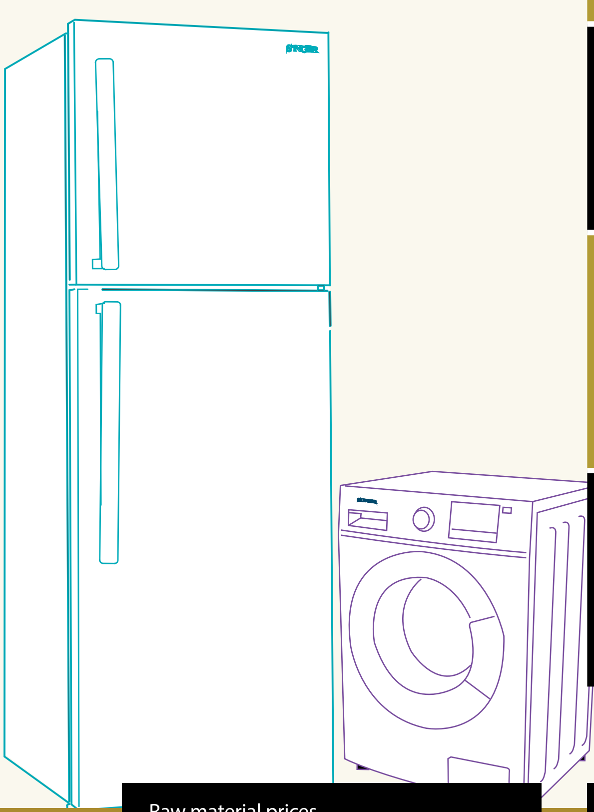
(Pages 62 to 65 for more information)

Natural Capital

- Waste generated: **148MT**
- Carbon footprint: **823MT**

(Pages 66 to 72 for more information)

DELIVERED THROUGH
4 KEY PRODUCT LINES



Raw material prices

Customer sophistication

Competition

STAKEHOLDER DYNAMICS

Our value creation process centres on creating value for a range of stakeholders who are impacted by our actions. Having understood the importance of effectively responding to stakeholders needs, we identify and prioritize stakeholders who have the most significant impact on our value creation process and those who are affected most by our activities. The considerable shifts in operating conditions during the year necessitated a proactive and deeper understanding of the concerns of our stakeholders. Therefore, the Group placed strategic emphasis on strengthening stakeholder engagement, ensuring that we actively engage with them and effectively respond to their valid concerns and expectations.

	93% Employee Retention Rate	Participated Virtually	35 New suppliers added	Zero incidents of non-compliance	Zero community grievances reported
	Employees	**Shareholders**	**Suppliers**	**Government Regulator**	**Communities**
Importance	We employ over 8 people who are engaged in manufacturing and support functions. We provide them an attractive proposition to keep them motivated, as they are key to driving our performance.	Majority shareholder is Singer (Sri Lanka) PLC (58.29%); remainder held by institutional (20.91%) and retail (20.8%) shareholders.	Over 250 reliable suppliers and 10 sub-contractors through whom we source raw materials in order to carry out our operations	The government facilitates a conducive environment for entities to carry out business activities. The Group's key regulators are the Inland revenue, local authorities, Central Environmental Authority and Customs	The communities in and around our operating location and the broader society across the country
Key concerns	• Attractive remuneration and reward schemes • Financial security • Opportunities for training and career development • Safety and dignified workplace • Job security	• Implications of the macro-economic conditions on performance and stability • Growth prospects • Business continuity • Corporate governance and risk management practices • Transparent communications • Returns commensurate with the risks undertaken	• Opportunities for economic development and business growth • Ease of transacting • Constructive feedback • Sustainable and profitable relationships	• Compliance with regulatory requirements • Timely payment of regulatory dues and taxes • Local value addition • Environmental and social implications • Fair treatment of employees	• Socioeconomic development in country • Employment opportunities • Empowering livelihoods and community development • Environmental preservation

	Employees	Shareholders	Suppliers	Government Regulator	Communities
Channels of Engagement	• Collective agreements with trade unions (95%) of our employees are covered by collective agreements) • Annual Performance appraisals • Active engagement • Grievance mechanism • Continuous Staff meetings • Work-life balance initiatives	• Annual General Meeting • Quarterly Investor forums • Annual Report • CSE Announcements	• Site visits • One to one engagement • Written communication	• Engagement at industry forums and corporate engagement platforms • Written communications • Face to face interactions	• CSR activities • Community grievance mechanisms • Other sponsorships
Our response	Strategic management of HR processes (More on page 51 Human Capital)	Shareholder value creation is directly linked to all four strategic pillars (More on page 44 Financial Capital)	Disruptions to supply chains was a key challenge during the year and we proactively engaged with our suppliers to ensure there were minimal disruptions (More on page 62 Social & Relationship Capital)	Established processes to ensure full compliance to all relevant regulatory requirements (More on page 62 Social & Relationship Capital)	As a good corporate citizen, we operate responsibly and sustainably, while addressing issues that are material for our local communities (More on page 62 Social & Relationship Capital)

MATERIAL TOPICS 2021/22

The Group adopts the principle of materiality when determining content to be included in this Annual Report. Material topics are defined as the issues which have the most significant impact on both the organisation as well as stakeholder decisions. The Group's material matters form the anchor of this Report as it determines the key information needs of our stakeholders. The material topics given below are a combination of those prescribed by the GRI guidelines and factors specific to our operating environment, value creation model and strategy.

DETERMINING MATERIALITY

IDENTIFICATION OF TOPICS PESTEL factors
Risks and opportunities
Strategic priorities
Stakeholder feedback

ASSESSMENT OF RELATIVE IMPORTANCE
Stakeholder importance
Organisational importance

PRIORITISATION OF MATERIAL TOPICS

SELECTION AND VALIDATION OF TOPICS

The uncertainty and volatility that stemmed from COVID-19 led disruptions during the first half of the year and macro-economic stress during the latter part, led to a significant shift in the Group's materiality landscape, resulting in the emergence of new risks. The material topics for 2021/22 are presented below.

No.	Material topic and why it is material to us	Organisational Impact	Corresponding GRI topic	Topic boundary
1	**Macro-economic vulnerabilities and shortage in foreign exchange** The severe shortage in foreign currency liquidity has led to significant challenges in importing the raw materials required production New topic	HIGH		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
2	**Exchange rate fluctuations** The sharp depreciation of the Sri Lankan Rupee has led to a parallel increase in the cost of imported raw materials Increased importance due to sharp depreciation of exchange rate in recent months	HIGH		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
3	**Escalating inflation** With inflation surging, the demand for our products are expected to slowdown given the discretionary nature of such purchases New topic	HIGH		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances

No.	Material topic and why it is material to us	Organisational Impact	Corresponding GRI topic	Topic boundary
4	**Employee health and safety** With Sri Lanka experiencing the 2nd and 3rd wave of the pandemic, exposure to health and safety risks have remained elevated	HIGH	GRI 403: Occupational health and safety	Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
5	**Manufacturing and Operational excellence** Our primary activity is manufacturing refrigerators and washing machines and our manufacturing capabilities determine our product quality, capacity to innovate and competitive position	HIGH		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
6	**Fluctuations in raw material prices** Approximately 80% of our cost of sales comprises raw materials and price fluctuations have a considerable impact on our profitability margins	HIGH		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
7	**Innovation** Intensifying competitive pressures and more sophisticated customer needs compel us to consistently widen our portfolio through innovative product offerings	MEDIUM		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
8	**Managing our talent pool** It is our employees that drive our strategic ambitions and deliver performance; therefore attracting, developing and retaining the right talent is critical for long-term sustainability	HIGH	GRI 401: Employment GRI 402: Labour Management Relations GRI 404: Training and education	Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
9	**Product responsibility** Given that both our products function using electricity, ensuring the completeness and relevance of customer instructions is critical	MEDIUM	GRI 417: Marketing and labelling	Topic boundary extends to our customers to use our products
10	**Competitive pressures** Competitive pressures have intensified both from local manufacturers and importers, compelling us to be price competitive and improve our product propositions. Reduced importance due to restrictions on imported consumer durable items	MEDIUM		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
11	**Supplier relationships** Maintaining productive and mutually beneficial supplier relationships is critical to ensuring a sustainable supply chain and uninterrupted operations.	HIGH		Topic boundary extends to suppliers, sub-contractors where the Company engages with

MATERIAL TOPICS 2021/22

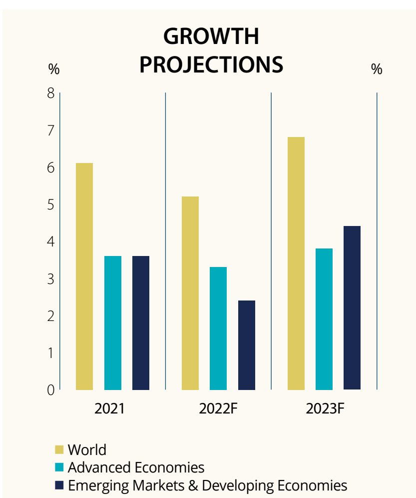
No.	Material topic and why it is material to us	Organisational Impact	Corresponding GRI topic	Topic boundary
12	**Government policy** Regulatory developments pertaining to import restrictions, taxes, monetary and fiscal policy have a direct impact on our performance	MEDIUM		Relates to the operations of Regnis (Lanka) and its subsidiary Regnis Appliances
13	**Managing our environmental impacts** As a responsible corporate citizen, we are committed towards reducing the environmental footprint of our operations particularly in energy and water consumption, through our products and discharge of emissions.	HIGH	GRI 301: Raw materials GRI 302: Energy GRI 303: Water GRI 305: Emissions GRI 307: Environmental compliance	Relates to the operations of Regnis (Lanka) and its subsidiary Regnis Appliances
14	**Community engagement** Maintaining healthy relationships with the communities we operate in, is vital in preserving our social license to operate ensuring smooth continuity to operations.	HIGH		Relates to the community activities of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
15	**Commitment to anti-corruption** As a responsible business, we adhere to the procedures of zero torrence for the corruption,compliance,nondiscrimination, business ethics and environmental and social risks	MEDIUM		Relates to the community activities of Regnis (Lanka) and Regnis appliances.
16	**Customer health and safety** Assetment of the health and safety impacts of the products	HIGH		Relates to the community activities of Regnis (Lanka) and Regnis appliances.

OPERATING LANDSCAPE

The Group's operating landscape changed dramatically during the year, reflecting the unprecedented challenges stemming from the COVID-19 pandemic and the macro-economic crisis. Key developments in the external landscape and their impact on the Group's strategy, operations and performance are summarized as follows:

GLOBAL ECONOMY

Global economies continued their path to recovery in 2021, at a moderate pace supported by strong policy support and the adjustment of economic activities to the new normal. However, adverse developments in the latter part of the year including the outbreak of the highly transmittable Delta variant resulted in economies entering 2022 in a weaker position than anticipated. Despite the multitude of other challenges including rising inflation, food insecurity and implications of climate change, the World Economic Outlook (WEO) estimates the global economy to have grown by 5.9% in 2021.

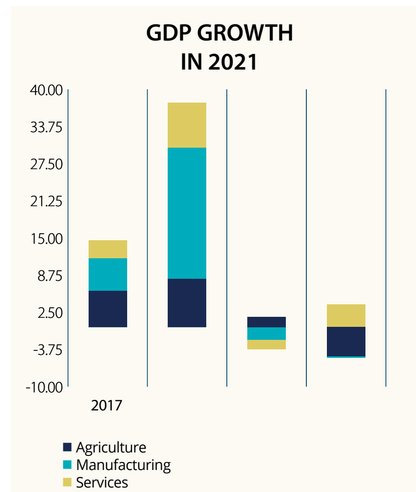


Meanwhile, the ongoing invasion of Ukraine by Russia considerably altered the global economic and geopolitical order and dimmed prospects for 2022, with significant energy trade shifts, supply chains reconfigurations, payment network fragmentations and countries having to rethink their reserve currency holdings. It is expected to exert further pressure on commodity prices, trade volumes and financial linkages with knock-on effects on more vulnerable economies who are dependent on imports. Economic prospects have diverged across regions with access to COVID-19 vaccines, the level of policy support, supply chain issues and inflation emerging as the key factors influencing the global economic recovery. Accordingly, the IMF projects the global economic growth to moderate to 3.6% in 2022.

SRI LANKAN ECONOMY

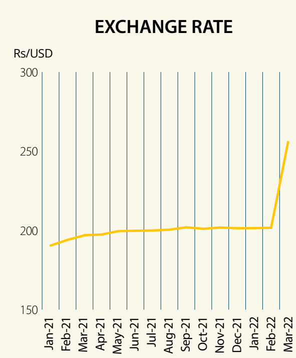
The Sri Lankan economy made a turnaround in the early part of 2021, with all subsectors recording growth compared to the same period last year. However, the country witnessed a slowdown in economic activity and has been left grappling with a shortage of foreign currency reserves, escalating external debt payments, import restrictions and high inflation levels following the resurgence of infections and the resultant downturn in the economy towards the latter part of 2021.

With the intensification of the foreign currency crisis in the first quarter of 2022, the country grappled with external debt payments resulting in a shortage of essential items. Inflation also escalated rapidly, reaching double digits and soaring to 29.1% in April 2022 reflecting supply shocks, recovery in the domestic demand and lack of policy direction. The country's long term foreign currency issuer default rating was downgraded to C by Fitch Ratings following the suspension of normal debt servicing on several categories of external debt by the Ministry of Finance in April 2022.



External Sector & Exchange rate

7% depreciation of the Sri Lankan Rupee in 2021



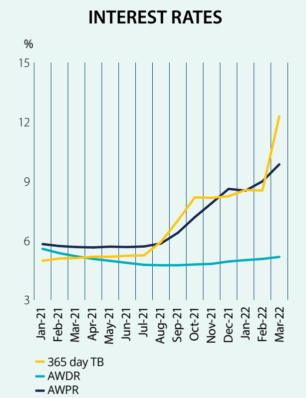
The sharp decline in tourism earnings and workers' remittances along with the repayment of international borrowings, led to significant pressure on the country's external position. In order to preserve foreign currency, several restrictions including import controls, mandatory conversion of export proceeds and requirement of 100% cash margin on selected imports were imposed by the regulator. In March 2022, the CBSL abandoned the pegged exchange rate as defending the Rupee with dwindling reserves became difficult. This led to a further depreciation of the Rupee, to reach a record low of Rs. 256 per USD by end of March 2022.

OPERATING LANDSCAPE

Interest rates

AWPR of 9.85% in April 2022

AWDR of 5.17% in April 2022

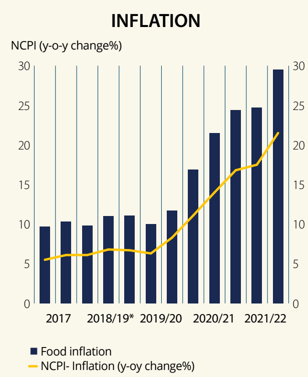


In August 2021, the Central Bank reversed its accommodative stance on the monetary policy by raising key policy rates to contain high inflation amidst the forex crisis. Accordingly, the SDFR, SLFR, SRR and the Bank rate were increased resulting in market interest rates trending upwards.

Inflation

NCPI 14% in December 2021

CCPI 14.2% in January 2022



Inflation which remained under control in the early part of 2021, escalated thereafter driven by the supply chain disruptions, surge in global commodity prices and the shortage in foreign currency earnings. Accordingly, inflation increased by 21.5% by March 2022 resulting in a sharp surge in prices.

Consumption Expenditure

Private consumption expenditure increased by % during the year.

Consumption expenditure increased by 9.9% at current prices in 2021, compared to the marginal growth of 2.0% in 2020. Growth was mainly driven by household consumption expenditure which remained resilient growing by 10.8% during the year, reflecting the release of pent-up demand, reduced expenditure on travel and out of home expenditure. However, the current inflationary environment is expected to curtail expenditure as the disposable income of the households decline.

Economic Headwinds impacting Regnis

- Uncertainty regarding the economic outlook of the country and its implications on the Group's investment plan
- Shortage of foreign currency to import raw materials required by the Company to manufacture goods
- Sharp increase in the price of raw materials following the depreciation of the Sri Lankan Rupee affects our cost of production, thereby impacting margins
- Rising inflation levels and the resultant slowdown in demand
- Increase in borrowing costs following the escalation of interest rates.

CONSUMER DURABLES INDUSTRY

The consumer durables industry within the country forms an active element of the retail market. Although industry-wide statistics are not available, given our parent entity Singer (Sri Lanka) PLC's dominance in the segment, industry performance is broadly a reflection of that of Singer.

Following the sharp decline in consumer durables following the pandemic, the industry demonstrated strong prospects in 2021 reflecting pent-up demand as well as increased customer preference towards upgrading home appliances and digital devices given the dramatic shift in post-pandemic lifestyles. However, the recent import restrictions on non-essential imports and the rising cost of production due to inflationary pressures within the domestic economy, could deal a heavy blow to the sector as it has an adverse impact on margins and profitability. Furthermore, demand will also be affected as consumers become increasingly conscious of the rising costs.

Key dynamics shaping the consumer durables industry are summarized below

DISPOSABLE INCOME

Serge reduction in disposable income

CHANGING LIFESTYLES

Shifts in lifestyles following pandemic-led disruptions which in turn resulted in a sharp rise in demand for consumer goods

PREFERENCE FOR OMNI-CHANNEL EXPERIENCE

There has been an increased preference towards online shopping and other digital platforms, given increased concerns regarding health and safety

CUSTOMER RELATIONSHIPS

Industry players will need to develop customer insights and adjust their strategies by accelerating the use of data and analytics across business functions in order to differentiate themselves from competition

AFFORDABILITY

The downturn in the economy together with rising inflationary pressures will see increased prevalence towards more affordable and value for money offerings

Regulatory Developments

DEVELOPMENTS IN 2021/22

The key implications on Regnis (Lanka) from a government policy perspective are as follows:

- Increase in market interest rates following the tightening of the monetary policy in August 2021.
- Continuation of the restrictions on imports due to the foreign currency shortage

OPPORTUNITIES AND RISKS	STRATEGIC RESPONSE
+ The Group benefitted from the vacuum arising from the unavailability of imported items in the market due to restrictions on imports. - The shortage of foreign exchange to import raw materials affected our production strategy - Increasing borrowing costs following the sharp rise in interest rates	As a manufacturing organization, the Group proactively managed negotiations with regulatory authorities to obtain the necessary approvals to import, by demonstrating the Group's local value addition. We are also focusing on effectively managing our resources to optimize available resources.

OPERATING LANDSCAPE

Implications of Climate Change

DEVELOPMENTS IN 2021/22

The key implications on Regnis (Lanka) from a government policy perspective are as follows:

Increase in market interest rates following the tightening of the monetary policy in August 2021.

Continuation of the restrictions on imports due to the foreign currency shortage

OPPORTUNITIES AND RISKS

+ Implement sustainable business practices
- Adverse weather conditions could have a significant impact on the Group's performance as it affects the income of the agricultural community

STRATEGIC RESPONSE

Strategic response

We are looking to strategically diversify our customer segments in order to diversify our risks. .

Customer Preferences

DEVELOPMENTS IN 2021/22

Along with the improvements in lifestyles, spending habits and aspirations for higher standards of living, customer sophistication has continued to increase. However, the prevalent macro-economic conditions in the country have considerably impacted personal disposable incomes thereby limiting customer spending.

OPPORTUNITIES AND RISKS

+ Expand the product portfolio to suit the changing consumer requirements
- Customer shift towards internally reputed

STRATEGIC RESPONSE

Ongoing focus on widening the product portfolio by introducing products that are on par with international standards.

Supply Chain Disruptions

DEVELOPMENTS IN 2021/22

Restrictions on imports, surge in freight charges and the increasing cost of production led to disruptions in the supply chain. Furthermore, the economic crisis within the country led to interruptions in the supply of essentials including energy which impacted economic activity.

OPPORTUNITIES AND RISKS

- Surge in the price of imported raw materials
+ Exploring alternative raw materials
+ Increase local procurement

STRATEGIC RESPONSE

We actively engaged with suppliers to ensure the continuity of supply despite the disruptions to supply chains globally.

The Prolonged Pandemic

DEVELOPMENTS IN 2021/22

New waves and variants of the pandemic continued to emerge leading to subdued demand as fears of cross infection resulted in lower footfalls in outlets. However, the successful rolling out of vaccines signalled the waning of the pandemic and is expected to bring a sense of normalcy.

OPPORTUNITIES AND RISKS

- Limited opportunities to expand the product portfolio
+ Change in lifestyles led to increased demand for certain consumer goods

STRATEGIC RESPONSE

Implementing stringent health and safety measures along with a pandemic response plan in order to ensure business continuity.

MANAGING RISKS

The unprecedented conditions that prevailed during the year, led to a dramatic shift in the Group's risk landscape, affecting both current performance as well as the short-to-medium term outlook. Against this backdrop, the Group relied on its proactive risk management capabilities to identify and implement measures to mitigate the potential impact on performance and stability.

RISK GOVERNANCE

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

RISK MANAGEMENT FRAMEWORK

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

THREE LINES OF DEFENSE MODEL

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

RISK MANAGEMENT PROCESS

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

MANAGING RISKS

PRINCIPAL RISKS

As described on page 37, the country's macro-economic conditions came under severe pressure during the year, which in led to significant changes in the Group's risk landscape. The following table provides a high level overview of these risk exposures. The risks presented below are not exhaustive and merely present the key risks that warranted the Group's attention and are likely to be dominant in the Group's risk landscape for the coming year.

Material risks	Developments and impacts in 2021/22	Impact on the Group	Risk Mitigation	Risk rating	Further information
Foreign currency liquidity crisis	• Sri Lanka experienced a crippling shortage of foreign currency liquidity during the year, as the drop in tourism earnings and worker remittances coupled with international debt servicing inserted unprecedented pressure on the country's external position	• Challenges in securing imported raw materials, given difficulties in opening LCs • Potential disruptions to manufacturing activities stemming from limited access to raw materials	• Proactive efforts to build inventory and increase inventory holding periods • Leverage on relationships within the Hayleys Group to obtain the foreign currency required for imports • Expand local sourcing	2021/22: HIGH New risk factor	Operating landscape
Macro-economic risks	• The pandemic exacerbated fault lines and deep-rooted fragilities within the Sri Lankan economy, pushing the country into a crippling economic crisis during the year. Surging inflation is likely to lead to a sharp downturn in demand over the short-to-medium term.	• Implications on personal disposable incomes have a direct bearing on demand for our product, particularly given the non-discretionary nature of our offering	• Leverage on the strength of the Singer brand and reputation to drive increased penetration in underpenetrated segments • Diversify product portfolio, offering different product propositions across varied price points • Consistently monitoring the evolving macro-economic landscape	2021/22: HIGH 2020/21: HIGH	Operating landscape
Sharp depreciation of the Rupee	• With the CBSL allowing the free float of the Rupee from March, the exchange rate recorded sharp depreciation falling by 30% (monthly average) during the financial year, and falling further in ensuing weeks	• Since the majority of the Group's raw materials are imported, the depreciation of the exchange results in significant cost escalations. Given the weakening macro-economic conditions and pressure on disposable income, this could lead to a sharp slowdown in demand	• Market segmentation and offering differentiated products catering to both the premium and value-added segments • Timely price revisions • Forward booking agreements • Strict cost management to drive efficiencies and improve productivity • Ongoing supplier negotiations	2021/22: HIGH 2020/21: HIGH	Operating landscape
Pandemic related disruptions	• While the emergence of the 2nd and 3rd waves of the pandemic led to periodic lockdowns, businesses demonstrated strong adaptability to operating in conditions of limited mobility. As such, demand remained largely resilient to COVID-19 led disruptions while the Group's manufacturing activities also continued uninterrupted during the year.	• Disruptions to operations could lead to inability in serving demand. • Potential drop in manufactured volumes and thereby revenue • Implications of corporate reputation and community relationships	• Stringent health and safety guidelines implemented across all operations • Proactive monitoring of emerging developments • Strict adherence to all guidelines of the government and health authorities	2021/22: HIGH 2020/21: HIGH	-

Material risks	Developments and impacts in 2021/22	Impact on the Group	Risk Mitigation	Risk rating	Further information
Interest rates	• With the regulator adopting a tighter monetary policy stance, Sri Lanka's interest rates recorded a gradual uptick, particularly during the 2nd half of the financial year.	• Increase in borrowing costs, including higher costs associated with holding inventory • Potential impact on cost of debt-funded expansion plans	• Proactive engagement with banks to obtain favourable rates • Monitoring emerging macro-economic developments	2021/22: HIGH 2020/21: Low	Operating landscape
Employee health and safety	• The pandemic has heightened vulnerabilities to health and safety risks to unprecedented levels. Manufacturing sector organisations are particularly vulnerable to the risks of cross infection given the relatively large number of employees operating in a single location.	• Direct implication on continuity of operations and manufacturing volumes • Adverse impact on employee morale • Possibility of trade union unrest	• Stringent health and safety guidelines implemented across all operations with strict adherence to all relevant health guidelines • High level of engagement with trade unions and employees • Ongoing awareness sessions on importance of safety and hygiene • Random PCR testing	2021/22: HIGH 2020/21: HIGH	Human Capital
Competition	• With restrictions on imported items, competitive threats have eased, creating a vacuum for local manufacturers to benefit from	• Restrictions on imports had a favourable impact on local manufacturers, which enabled the Group to increase penetration in both product segments	• Develop innovative products by enhance product differentiation. • Leverage on the extensive distribution network and brand reputation of Singer Sri Lanka to drive increased penetration	2021/22: Moderate 2020/21: Moderate	-
Government policy and regulation	• Imposition of 100% cash margin on certain imports • Import restrictions on certain non-essential imports	• The import restrictions did not directly affect the Group's raw material procurement; as a value added local manufacture the Group was permitted to import materials required for production	• Negotiations with regulatory authorities in obtaining approval for imports • Negotiated new credit periods with suppliers.	2021/22: Moderate 2020/21: Moderate	Stakeholder engagement
People related risks	• Implications on mental well-being given general anxiety • Increased brain drain from the country • Absenteeism • Accidents and injuries • Shortage of skilled employees and difficulty in retaining at lower levels • Reluctance of employee to adopt the organizational risk culture.	• The Company successfully retained its employees by offering a conducive work environment, financial security and ongoing opportunities skill development	• Cordial relationships with trade unions. No industrial action over the last 5 years. • Provide conducive and safe work environment. • Ongoing investment in training and development programs. • Robust performance management framework	2021/22: Low 2020/21: Low	Human Capital

MANAGING RISKS

Material risks	Developments and impacts in 2021/22	Impact on the Group	Risk Mitigation	Risk rating	Further information
Machine breakdown and asset risks	• Breakdowns in machinery and equipment can adversely impact the continuity of production while impacting the health and safety of employees	• Relatively low machine downtime and increased efficiency of operations	• Defined procedures and maintained high safety standards. • Asset testing prior to procurement at the supplier premises. • Full insurance coverage • Fire drills and fire training of staff	2021/22: Moderate 2020/21: Moderate	Manufactured Capital
Dependence on a single retailer	• Revenues are fully dependent on the performance and relationships with a single customer leading to a severe impact on business continuity on customer withdrawal.		• With Singer Sri Lanka being our parent company, Regnis became part of a broader value chain of our sole customer hedging any risk of sudden customer withdrawals. Being the sole local supplier for Singer (40% of Singer refrigerator requirements) we play a strategically prominent role in the business of our parent entity thereby minimizing the risk associated with customer concentration	2021/22: Low 2020/21: Low	-
Reputational risk	• Environmental impact of production such as pollution, discharge of waste, dependency on national grid for supply of electricity. • Product quality related issues.	• Persistently high customer satisfaction levels • Singer- adjudged the most popular brand of the year 2021 for the 16th consecutive year	• Product quality is evaluated by quality inspectors and chief compliance officers. • Ensured proper disposal of waste especially hazardous waste minimizing negative impact on environment.	2021/22: Low 2020/21: Low	Intellectual capital

DELIVERING OUR STRATEGY

The Group maintained focus on the four strategic priorities that has served it well over the past few years; the strategy offered a strong foundation to sharpen focus on the matters which presented increased exposure to risk given the unprecedented challenges tha prevailed during the year. The subsequent section provides a high-level overview of the Group's strategic delivery during the year.

OPERATIONAL EXCELLENCE	INNOVATION	MANAGING RELATIONSHIPS	SUSTAINABILITY

OPERATIONAL EXCELLENCE

Key areas of focus in 2021/22	Resources allocated
• Enhanced production during the first half of the year to cater to resilient demand conditions • Ensured uninterrupted production despite numerous supply chain challenges that prevailed during the year • Increased penetration in the washing machine category which saw strong growth • Ongoing focus on operational efficiencies and productivity improvements • Ongoing efforts to reduce wastage	SR: Relied on relationships with suppliers to ensure continued production FC: Increased investments in working capital management

Key Performance Indicators

Refrigerator volume growth of 9%

Washing machine volume growth of 17%

Way forward

Risks	Opportunities	Our Plans
• Severe shortage of dollars in the banking system and resultant difficulty in importing raw materials • Supply chain disruptions • Fuel crisis and impact on continuity of production • Potential slowdown in demand given high inflationary pressures	Restrictions in imports have offered impetus for local manufacturers	Pursue further opportunities in local manufacturing by venturing into the production of complementary products

DELIVERING OUR STRATEGY

INNOVATION

Key areas of focus in 2021/22

- Focus on refreshing and upgrading the refrigerator range to be in line with international standards. This included the launch of floral designs and colour variants, such as the Silver range
- Addition of metal cabinet range for washing mechanisms
- Ongoing efforts in understanding emerging customer requirements and adapting our product to cater to these needs
- Process innovation through introducing ultra-sonic welding (from gas welding used previously), which leads to improved quality and reduced exposure to safety risks

Resources allocated

MC: Capital expenditure of Rs. 63.87 million

IC: Insights into customer behaviour and understanding of emerging customer requirements

Key Performance Indicators

- Strengthened market position for refrigerators following revamp of the product portfolio

Way forward

Risks	Opportunities	Our Plans
• High interest rates and resultant increase in borrowing costs could delay investment plans	Opportunity for local manufacturers to fill the vacuum created by import restrictions	Ongoing efforts to enhance the product proposition in both categories through innovation and value addition

MANAGING RELATIONSHIPS

Key areas of focus in 2021/22

- Emphasis on encouraging and facilitating employees to obtain vaccinations and ongoing focus on maintaining the highest standards of safety within our operating facilities
- Supported financial security through providing increments in line with the Collective Agreement and bonus payments
- Strengthened engagement with suppliers, providing increased visibility of demand and planning inventory requirement early to ensure relevant stocks were secured

Resources allocated

FC: Payments to employees : Rs. 716.9 million)

SR: Payments to suppliers Rs: 6711 million

Key Performance Indicators

- Employee retention: Regnis Lanka 96% Regnis Appliances 90%
- Revenue generated per employee: 26% increase to Rs. 14 mn
- Uninterrupted manufacturing through leveraging relationships

Way forward

Risks	Opportunities	Our Plans
Disruption to supplier operations given shortage in foreign currency and fuel supply General anxiety and impact of mental well-being on employees	Increase supplier and explore avenues for sourcing alternative raw materials	Continued emphasis on safeguarding, developing and retaining our people despite the inevitable challenges that will be faced in the short-to-medium term

SUSTAINABILITY

Key areas of focus in 2021/22	Resources allocated
• Sustainable packaging methods by expanding the paper pup packaging to the top of the boxes thereby reducing the use of Styrofoam packaging • Expanded the scope of the carbon footprint computation to include more comprehensive coverage of sources • Use of energy-efficient induction machines • Responsible disposal of waste including recycling of metal and plastic waste among others	MC: Ongoing investment in energy efficient manufacturing technology IC: Energy conscious culture

Key Performance Indicators

- 97 MT of Styrofoam replaced
- 48% reduction in water intensity

Way forward

Risks	Opportunities	Our Plans
Potential disruptions to paper-pulp sourcing	Opportunity in pursuing renewable energy generation given the prevalent shortage in fuel	Investments in solar energy sources Obtain the ISO 9001 certification from the Sustainable Energy Authority

FINANCIAL CAPITAL

THE GROUP'S FINANCIAL PERFORMANCE MODERATED DURING THE YEAR; DESPITE RESILIENT DEMAND AND STRONG TOP LINE GROWTH, PROFITS DECLINED OWING TO FACTORS BEYOND THE GROUP'S CONTROL, AS THE SHARP DEPRECIATION OF THE EXCHANGE RATE TOGETHER WITH ESCALATING COSTS AFFECTED PROFITABILITY.

INPUTS

Rs.1.85 billion
Shareholders' funds

Rs.717.03 million
Total borrowings

VALUE DELIVERED

Rs.27.09 million
Profit for the year

Rs.1.2
Earnings per share

RELEVANCE TO STRATEGY

- Proactive working capital management to ensure uninterrupted manufacturing activities
- Cost rationalisation and efficiency improvements

RELATED RISK

- Exchange rate fluctuations and liquidity crisis
- Increase in commodity prices
- Interuptions to energy and electricity supply
- Challenges in sourcing imported raw materials

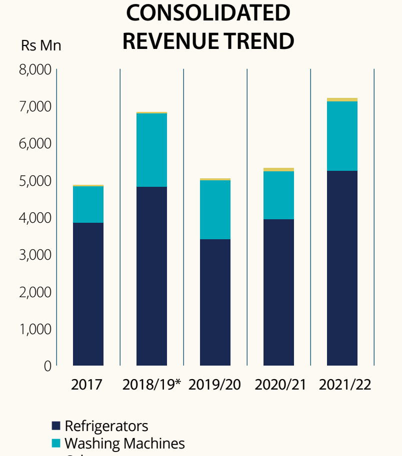
Rs.million	2021/22	2020/21	y-o-y %
Revenue	7,272.1	5,322.8	37
Gross profit	139.5	264.8	-47
Operating profit	91.5	221.4	-59
Net finance cost	54.0	52.7	3
Pre-tax-profit	37.5	168.7	-78
Profit-after-tax	27.1	186.9	-86
Total assets	4,902.1	3,749.4	31
Total borrowings	717.0	546.1	31
% Debt to equity	39%	32%	

REVENUE

Consolidated Revenue recorded strong growth of 37% to Rs.7.27 bn during the year, supported by healthy volume growth in both categories reflecting resilient demand conditions, particularly in the first half of the year. Revenue from refrigerators increased by 33%, driven by a volume growth of 9%, reflecting the release of pent-up demand following pandemic-driven lockdowns in 2020/21. Washing machine revenue increased by 46% supported by volume growth of 17% with customers demonstrating a prevalence towards upgrading their homes through sophisticated products. Demand conditions remained robust for most part of the year, and the Group successfully strengthened its market position through acquiring share from competitors, particularly those that were affected by the restrictions on imports.

Washing machine volume growth: 17%
Refrigerator volume growth: 9%

CONSOLIDATED REVENUE TREND



* Fifteen months for 2018/19

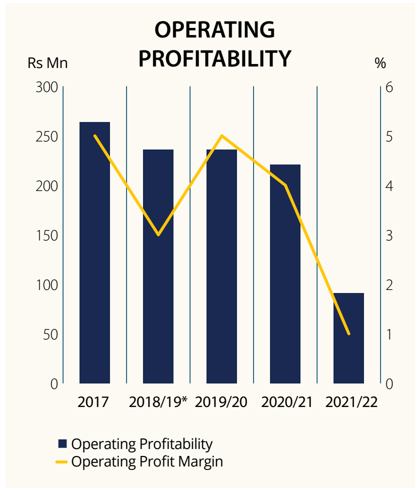
GROSS PROFIT

The Group's gross profit recorded a decline of 47% to Rs.139 million during the year, mainly due to an exchange loss of Rs.257 million arising from the sharp depreciation of the Rupee against the Dollar in the last month of the financial year. The Rupee fell sharply by 33% in March 2022 and has declined further in ensuing weeks as the regulator allowed free float of the dollar. Profitability margins were also affected by the significant price increases in both local and imported raw materials which faced disruptions to supply as well as the surge in global freight rates. Resultantly, the Group's gross profit margin narrowed to 1.9% from 5.0% the previous year. In addressing this issue, the Group sought upward revision of its factory transfer price for both washing machines and refrigerators which cushioned the impact to an extent. We also engaged in the Ithuru Mithuru Savings program in partnership with Hayleys and Vallibel One, which aimed to leverage Group synergies to negotiate proactively with suppliers

GP margin	2021/22	2020/21
Full year	1.9%	5.0%
4th quarter	-1.0%	8.0%

OPERATING PROFIT

The Group's operating profit declined by 59% to Rs. 91.5 million during the year, mainly due to the lower gross profit, arising from the exchange loss in the 4th quarter of the year. Selling and Distribution costs increased sharply by 52% reflecting an increase in transportation volumes, surge in fuel prices as well as a 19% increase in warranty costs of washing machines. Administrative expenses declined marginally by 1% supported by ongoing cost rationalisation initiatives. It is noteworthy that the decrease in profits arose solely in the 4th quarter of the year, prior to which the Group was generating health earnings expansion. Given the conditions that prevailed, there was no dividend upstreaming from Regnis Appliances for the financial year 2021/22, while dividend of Rs.12 million received for the previous year is reported under Other Income.



* Fifteen months for 2018/19

OPERATING PROFIT

Refrigerators: 80% decline
Washing machines: 20% growth

NET FINANCE COST

Consolidated Net Finance Cost increased marginally to Rs.54.0 million, reflecting the uptick in market interest rates towards the latter part of the year coupled with an increase in borrowings to fund working capital requirements. Finance income declined to Rs.6.0 million from Rs.11.0 million the previous year due to a reduction in interest income from related party receivables.

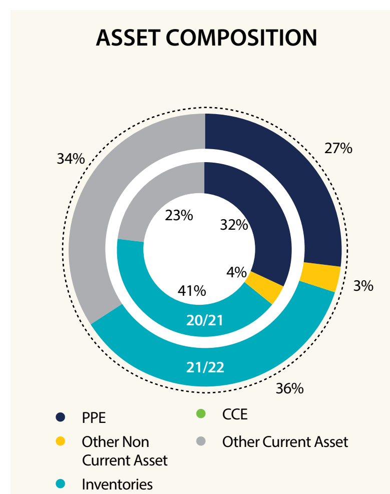
PROFITABILITY

The narrowing of profit margins together with the exchange rate loss during the year, resulted in the Group's Pre-tax profit decreasing by 78% to Rs. 37.5 million during the year. Profitability was supported by Washing Machines which recorded a profit growth of 20% to Rs.29.2 million during the year; the impact of the exchange rate depreciation on washing machines were limited during the year, given the relatively low foreign payables as at end-March 2022. On the other hand, the refrigerator segment recorded a drop in pre-tax-profit to Rs.1.7 million from Rs.149 million the year before as it took a more significant hit from the exchange rate impact. Tax expense for the year amounted to Rs.10 million, compared to a reversal of Rs.18 million the previous year, due to the reduction in corporate tax rate from 28% to 18%. Overall the Group's net profit declined to Rs.27.0 million, compared to Rs. 186.8 million the previous year.

FINANCIAL POSITION

Balance sheet strength

Total assets increased by 31% to Rs.4.90 billion during the year, mainly due to a 43% increase in current assets as the Group consciously sought to increase inventory holding in view of supply-chain disruptions that prevailed. Investments in working capital thereby increased by 28% to Rs.2.1 billion during the year accounting for 42% of consolidated assets. Non-current assets increased by 9% to Rs.1.48 billion due to capital expenditure on the Group's manufacturing facilities.

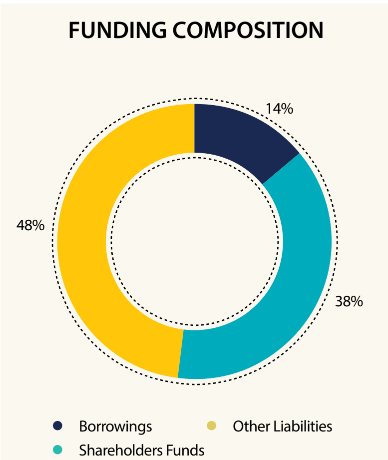


Funding Profile

Shareholder's funds increased by 8% to Rs.1.85 billion and accounted for 38% of consolidated assets as at end-March 2022. Borrowings increased by 31% to Rs. 717 million during the year, reflecting the debt-funded increase in working capital investments. Meanwhile trade payables also increased by 72% to

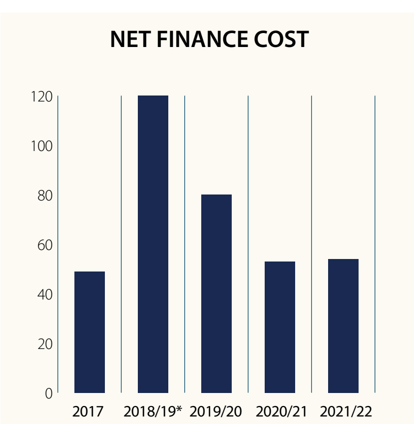
FINANCIAL CAPITAL

Rs.1.72 billion during the year, in line with increased inventory holding which ensured continuity of production. Despite the increase in borrowings, the Group's debt to equity ratio remained relatively low at 39%.

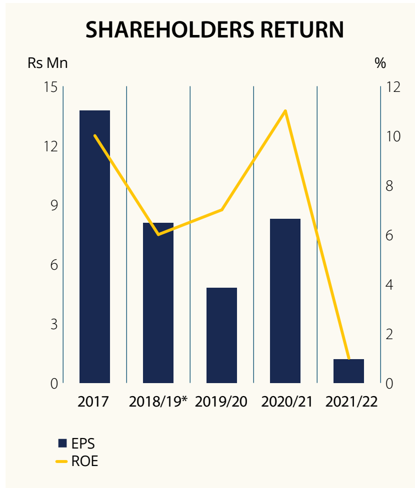


Cash Flow

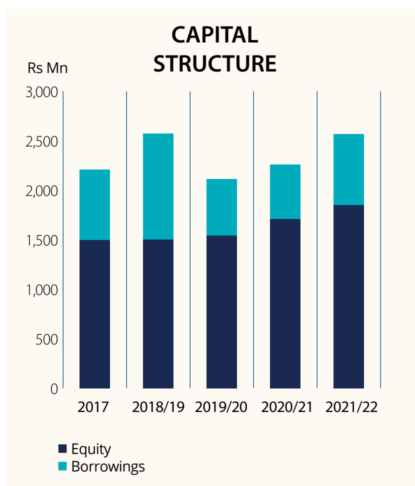
Net cash outflow from operating activities amounted to Rs. 18.8 billion during the year, mainly due to an increase in related party receivables and inventories. Net cash outflow from investing activities amounted to Rs.58.59 million due to capital expenditure while net cash inflow from financing activities clocked in at Rs.94.15 million, as short-term borrowings were rolled over. Overall, cash and cash equivalents increased by Rs.16.76 million during the year.



* Fifteen months for 2018/19



* Fifteen months for 2018/19



Statement of Value Addition

	Group				Company			
	2021/22		2020/21		2021/22		2020/21	
	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000
Gross turnover		**7,990,039**		5,867,571		**5,799,027**		4,340,798
Other income including finance income		**14,215**		11,175		**13,175**		25,014
Less: Cost of materials & other costs		**(5,949,773)**		(4,013,448)		**(4,272,484)**		(2,935,705)
		2,054,481		1,865,298		**1,539,719**		1,430,107
Distribution of Value Added								
Employees	35	**716,992**	35	646,003	42	**640,593**	41	581,765
Government	55	**1,135,392**	46	860,803	50	**775,732**	39	551,204
Lenders	3	**59,988**	3	63,674	3	**44,223**	3	48,220
Community Investment	0	**534**	0	283	0	**467**	0	258
Shareholders	0	**-**	3	58,593	0	**-**	4	58,593
Depreciation and amortisation set aside	6	**114,478**	6	107,675	5	**79,547**	5	76,385
Profit retained	1	**27,096**	7	128,266	0	**(844)**	8	113,681
	100	**2,054,481**	100	1,865,298	100	**1,539,719**	100	1,430,107
No.of employees		**517**		477		**450**		410
Value Added per employee		**3,974**		3,910		**3,422**		3,488

MANUFACTURED CAPITAL

OUR MANUFACTURED CAPITAL COMPRISES OUR MANUFACTURING FACILITIES AND IS A VITAL COMPONENT OF OUR VALUE CREATION PROCESS. TIMELY AND PROACTIVE INVESTMENTS IN ENHANCING OUR MANUFACTURED CAPITAL AND ELIMINATING BOTTLENECKS HAVE STRENGTHENED OUR MANUFACTURING CAPABILITIES AND INCREASED OPERATIONAL EFFICIENCIES.

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

RELEVANCE TO STRATEGY

- Operational excellence driven through ongoing focus on eliminating bottlenecks and enhancing capacity utilisation.
- Enhanced product development capabilities through ongoing investments in manufacturing capabilities.

RELATED RISK

- Machine breakdown and asset risk could adversely impact continuity of production.
  - **687 hours lost due to machine breakdowns reduced by 50% during the year.**

INPUTS

Rs. 1.3 billion
Property, Plant and Equipment

Rs. 57.5 million
New Investments

2
Manufacturing Facilities

4
Production Lines

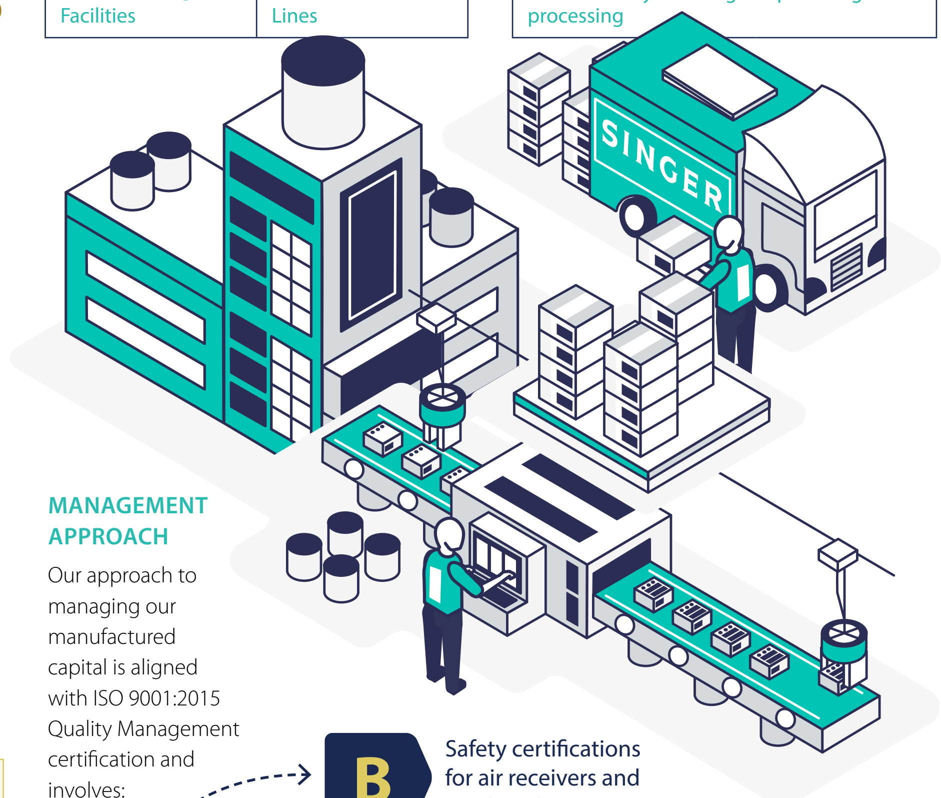
VALUE DELIVERED

124,797
Units of refrigerators produced

60,803
Units of washing machines produced

80%
Capacity utilisation rate

Rs. 9 million
Savings generated from manufacturing efficiencies by reducing scraps through processing



MANAGEMENT APPROACH

Our approach to managing our manufactured capital is aligned with ISO 9001:2015 Quality Management certification and involves:

A Daily check lists for machine operators

B Safety certifications for air receivers and machine hoists

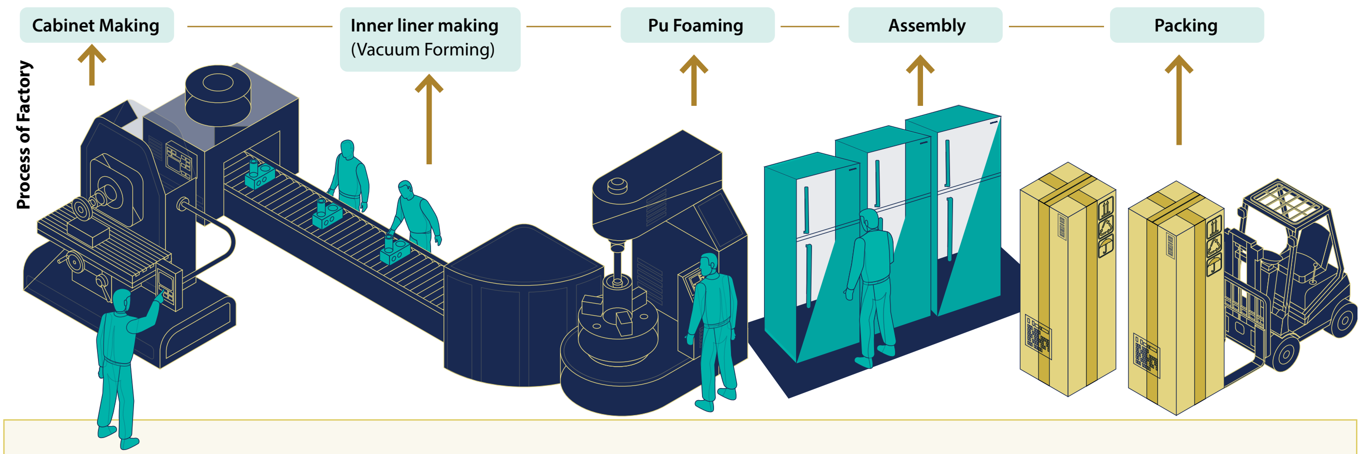
C Preventive maintenance schedule

MANUFACTURING CAPABILITIES

PPE accounts for 27% of the Group's total assets and comprise its manufacturing facilities which enable the production of high-quality refrigerators, washing machines and other items. Progressive investments have enhanced the manufacturing capabilities of the Group, allowing the development of agile production lines which are capable of producing innovative products. Our manufacturing capabilities are given below.

Manufacturing facility	Manufacturing capabilities
Ratmalana Group Head Office	Two manufacturing lines to produce refrigerators.
Panadura	One manufacturing line to produce washing machines.

OUR MANUFACTURING PROCESS



During the year, the **Group invested Rs. 57.5 million** to **enhance its production capabilities and to enhance the product quality**. New investments were made in the following areas.

Metal Cabinet Washing Machines

Metal enhances the strength of the product while preventing discolouration.

Introduction of ultrasonic welding

When compared with traditional gas welding, this technology facilitates superior quality while enhancing the well-being of our employees.

Energy Efficiency for Refrigerators

A more energy efficient product range using digital inverter technology.

Revamp and refresh the refrigerator production line

MANUFACTURED CAPITAL

ENHANCING CAPACITY UTILISATION

In recent years, the Group has placed strategic focus on improving operating efficiencies at its production facilities through the implementation of Total Productivity Maintenance. Emphasis has been placed on minimizing waste, identifying and addressing process bottlenecks and driving improvements in labour efficiency. The Group sought to increase automation and redesign processes to reduce rework, thereby reducing waste and scrap. These efforts have enabled cost savings of Rs. 9 million during the year.

OUR PROGRESS

- Improve factory layout to increase efficiency and agility of production lines.
- Minimising waste and eliminating non-value adding processes.
- Increase automation to reduce reliance on human capital and improve efficiency.

As the restrictions on imported items created a vacuum in the market, the Group sought to swiftly enhance capacity to cater to the surge in demand through further streamlining process.

CAPACITY UTILISATION

WAY FORWARD

We are well positioned to leverage our existing manufacturing capabilities and technical knowledge to further strengthen our product offering to meet the growing demand for locally produced white goods effected by the policy measures restricting imports. While we intend on investing in our existing manufacturing facilities to drive continuous improvement, we are also keen to widen our manufacturing footprint over the medium to long term.

HUMAN CAPITAL

OUR DIVERSE TEAM OF 517 EMPLOYEES ARE A VITAL COMPONENT OF OUR VALUE CREATION PROCESS, DRIVING OUR STRATEGIC AMBITIONS AND DELIVERING PERFORMANCE. OUR STRONG EMPLOYEE VALUE PROPOSITION HAS ENABLED US TO ATTRACT AND RETAIN HIGH PERFORMING EMPLOYEES WHO PROACTIVELY RESPOND TO EMERGING CUSTOMER NEEDS THROUGH INNOVATION, MAINTAINING OUR RELEVANCE IN AN INCREASINGLY COMPETITIVE OPERATING LANDSCAPE.

VALUE CREATION IN 2021/22

- Ongoing employee development with focus on enhancing efficiency and productivity through Total Productivity Maintenance
- Supporting the well-being of our employees

RELEVANCE TO STRATEGY

- People Management Driving strong relationship with our employees is critical to the Group's Relationship Management pillar

RELATED RISK

- People-related risks
- Health and Safety risks

	REGNIS LANKA	REGNIS APPLIANCES
Headcount	450	67
Payments to employees (Rs. million)	640.6	76.4
Retention rate (%)	96%	90%
Promotions (No. of)	41	8
Investment in training (Rs. million)	1.7	0.01
Total training hours (Hours)	353	136
Workplace injuries (No. of)	16	5
Union representation (%)	95%	Nil
Instances of disruption to work	Nil	Nil
Female representation	4%	1%

* No part time employees in the Regnis Group

GOVERNANCE

The Group's comprehensive HR policies and procedures are aligned to those of its parent entity and are compliant with all regulatory requirements and industry best practices. These policies include policies on recruitment, training and development and health and safety among others. Regnis' strong policy frameworks ensures equitable treatment of all employees, creating an inclusive culture in which all employees can thrive.

TEAM PROFILE AND RECRUITMENT

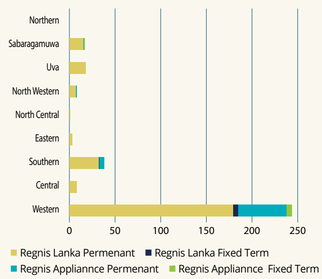
Our team comprises 517 employees and includes the leadership and executive team, an in-house technical team, production employees and trainees from NAITA & fixed term contract. Our recruitment policy ensures that we identify and recruit the best people through a formal process that avoids any form of discrimination. During the year, we increased our trainee and non-permanent cadre to meet the increase in production volumes. Meanwhile staff retention levels remained healthy at 93% while female representation at management level increased to 03 heads. Our team profile is given below.

HUMAN CAPITAL

TEAM PROFILE

The Regnis team comprises 517 employees with 63% employed on permanent contracts.

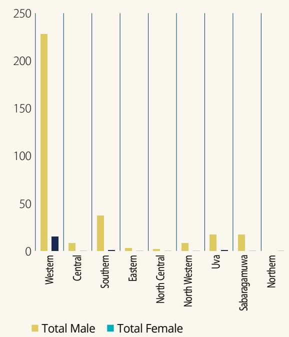
EMPLOYEES BY CONTRACT & REGION



REGIONAL DISTRIBUTION

The regional distribution of the Group's staff cadre is shown below.

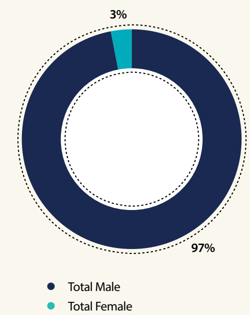
STAFF BY GENDER AND REGION-WISE



DIVERSITY PROFILE

Female representation at Group stands at 3% as at the year end.

FEMALE REPRESENTATION



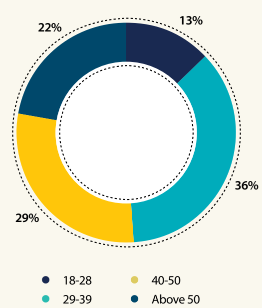
TRADE UNION REPRESENTATION

95%

of the staff at Regnis are members of Trade Unions

AGE PROFILE OF OUR STAFF

EMPLOYEES BY AGE



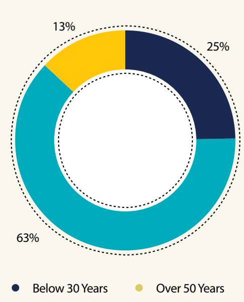
FOCUS ON GENDER PARITY

The Company embarked on improving gender balance in all level of the organization. Bringing in this balance is not possible overnight as we have to consider it carefully when we bring in new recruits based on the job criteria and availability of suitable candidates.

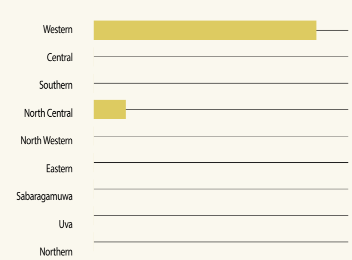
RECRUITMENT PROFILE

1 : 7

RECRUITMENT BY AGE



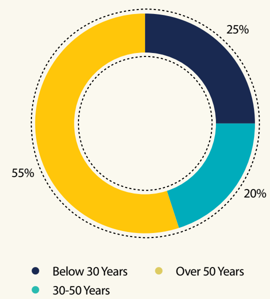
RECRUITMENT BY PROVINCE



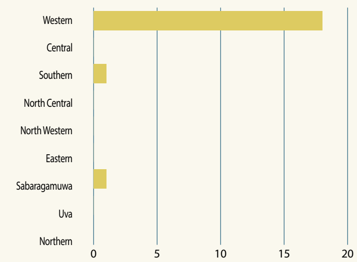
EMPLOYEE TURNOVER PROFILE

2 : 18

TURNOVER BY AGE



TURNOVER BY PROVINCE



TEAM PROFILE

Staff by Gender and Category 2021/22

	Permanent		Trainees		Contract		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Regnis (Lanka) PLC	254	9	180	-	-	7	434	16
Regnis Appliances (Private) Ltd	60	1	-	-	6	-	66	1
Total	314	10	180	-	6	7	500	17
							97%	3%

Staff by Gender and Region-wise 2021/22

Region	Total (Permanent + Contract) Regnis (Lanka) PLC		Regnis Appliances		Total Male	Total Female
	Male	Female	Male	Female		
Western	171	14	57	1	228	15
Central	8	-	-	-	8	-
Southern	32	1	5	-	37	1
Eastern	3	-	-	-	3	-
North Central	1	-	1	-	2	-
North Western	7	-	1	-	8	-
Uva	17	1	-	-	17	1
Sabaragamuwa	15	-	2	-	17	-
Northern	-	-	-	-	-	-
Total	254	16	66	1	320	17

** Excluding trainees*

Staff by age and category

Company	Category	18-28	29-39	40-50	Above 50	Total
Regnis (Lanka) PLC	Key and Senior	-	-	-	2	2
	Middle Management	-	3	2	2	7
	Junior Management	1	1	-	1	3
	Executives	-	1	1	1	3
	Non-Management	31	80	80	64	255
Regnis Appliances (Private) Ltd	Key and Senior	-	-	1	-	1
	Middle Management	-	1	-	-	1
	Junior Management	-	-	-	-	0
	Executives	-	1	-	-	1
	Non-Management	13	34	13	4	64

HUMAN CAPITAL

Employees by contract & region

Province	Regnis (Lanka) PLC Permenant	Regnis (Lanka) PLC Fixed Term	Regnis Appliances Permenant	Regnis Appliances Fixed Term
Western	179	6	53	6
Central	8	-	-	-
Southern	32	1	5	-
Eastern	3	-	-	-
North Central	1	-	-	-
North Western	7	-	1	-
Uva	18	-	-	-
Sabaragamuwa	15	-	1	1
Northern	0	-	-	-
Total	263	7	60	7

Recruitment by gender

Company	Year	Male	%	Female	%	Total
Regnis (Lanka) PLC	2021/22	2	67%	1	33%	3
	2020/21	17	100%	-	-	17
Regnis Appliances (Private) Ltd	2021/22	5	100%	-	-	-
	2020/21	3	75%	1	25%	4

** Excluding trainees*

Recruitment by Province

Province	Regnis (Lanka) PLC 2021/22	Regnis (Lanka) PLC 2020/21	Regnis Appliances (Pvt) Ltd 2021/22	Regnis Appliances (Pvt) Ltd 2020/21
Western	3	5	4	4
Central	-	1	-	-
Southern	-	3	-	-
North Central	-	1	1	-
North Western	-	3	-	-
Eastern	-	2	-	-
Sabaragamuwa	-	2	-	-
Uva	-	-	-	-
Northern	-	-	-	-
Total	3	17	5	4

Recruitment by age

Company	Year	Below 30 Years			30-50 Years			Over 50 Years		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Regnis (Lanka) PLC	2021/22	-	-	-	2	1	3	-	-	-
	2020/21	17	-	17	-	-	-	-	-	-
Regnis Appliances (Private) Ltd	2021/22	2	-	2	2	-	2	1	-	1
	2020/21	3	1	4	-	-	-	-	-	-

Turnover by gender

Company	Year	Male	Female	Total
Regnis (Lanka) PLC	2021/22	12	1	13
	2020/21	17	-	17
Regnis Appliances (Private) Ltd	2021/22	6	1	7
	2020/21	-	-	-

Turnover by Age

Company	Year	Below 30 Years			30-50 Years			Over 50 Years		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Regnis (Lanka) PLC	2021/22	1	-	1	2	-	2	9	1	10
	2020/21	17	-	17	-	-	-	-	-	-
Regnis Appliances (Private) Ltd	2021/22	3	1	4	2	-	2	1	-	1
	2020/21	3	1	4	-	-	-	-	-	-

Turnover by province

Province	Regnis (Lanka) PLC		Regnis Appliances (Pvt) Ltd	
	2021/22	2020/21	2021/22	2020/21
Western	12	4	6	-
Central	-	-	-	-
Southern	1	-	-	-
North Central	-	-	-	-
North Western	-	1	-	-
Eastern	-	-	-	-
Sabaragamuwa	-	-	1	-
Uva	-	-	-	-
Northern	-	-	-	-

EMPLOYEE FACILITIES

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

PARENTAL LEAVE

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

company	Total Employees took maternity leave	Total employees returned to work after maternity leave ended	Total employees who returned to work and still employed 12 months after returning
Regnis (Lanka) PLC	-	-	-
Regnis Appliances	1	1	-

EMPLOYEE BENEFITS

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

Accident coverage is extended to all staff members who incur accidents either at the workplace or during official travel. Travel facilities are provided to employees who have to travel for official purposes. These include vehicle maintenance, transport allowances and reimbursement of travel expenses. Employees receive travel benefits according to their grade and responsibilities.

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

Professional subscriptions

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

Educational aid scheme

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

Loans

The Company provides distress loans for emergencies and, low interest/interest free loans for the purchase of vehicles.

Death donations

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

HUMAN CAPITAL

HEALTH AND SAFETY

Employee health and safety is a key area of focus at Regnis and we strive to provide a safe and injury-free work environment to all our employees. A comprehensive health and safety management system has been implemented across the organization for the identification and mitigation of hazards. These guidelines are detailed formally in the Group's Health and Safety Manual which serves as the blueprint for the Group's Health and Safety Management System and covers the health and safety risks of all employees within the organization.

Hazard analysis Guidelines for hazard identification is detailed in the Group's Health and Safety Manual and includes identification and mitigation of hazards such as fire precautions, use of electrical equipment, safe use of machinery and chemical safety among others. Health and safety initiatives undertaken by the Group include the provision of support from the maintenance division when installing and using machinery, provision of protective gear, suitable design and lighting requirements and welfare and first aid facilities among others.

Health and safety training Routine health and safety training is provided to all employees related to fire safety, first aid and injury reporting and management of hazards.

The Group's health and safety record for the year under review is given below.

Health and safety record 2021/22

	Regnis Lanka	Regnis Appliances
Workplace injuries	16	5
Lost day rate	Nil	Nil
Occupational diseases rate	Nil	Nil
Work-related fatalities	Nil	Nil

LABOUR PRACTICES

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

HEALTH AND SAFETY INITIATIVES

- Medical scheme which includes 50% coverage of hospitalization medical expenses.
- Signages and safety signs in prominent locations.
- Scheduled machine maintenance programmes.
- Dedicated fire squad formed by volunteers which conduct quarterly fire squad meetings.
- Emergency medical assistance through reputed medical centers.
- Sessions with a mental health professional to address the mental well-being of our employees.

COVID-19 RELATED HEALTH AND SAFETY PRECAUTIONS

As the pandemic protracted into its second year, the Group continued to maintain stringent health measures across all its facilities to ensure the safety of employees and minimise the risk of cross infection. Since shift scheduling was challenging given the arrangement of the production lines, we relied on stringent health guidelines and best practices to ensure the smooth function of our operations in a safe environment. We also facilitated work from home arrangements for office employees. These efforts enabled the Group to minimize any major disruptions to operations while continuing to serve the market demand for our goods.

COVID-19 guidelines

- An emergency response team
- Implemented of a vaccination programme with 86% of staff fully vaccinated (all 3 doses).
- Cleaning and disinfecting surfaces at least twice a day
- Staff were required to wear masks, gloves and other protective gear at all times
- Printed notices of the guidelines to be followed were displayed at prominent locations
- Visitor restrictions, PCR testing for visitors and halted the transfer of security personnel
- Random PCR testing of employees
- Access to intermediate care facilities for those who were infected.
- Regular temperature checks
- Activities where distancing cannot be maintained were suspended

TRAINING AND DEVELOPMENT

Training and development is a strategic priority at Regnis as it enhances the competencies of our employees and the tacit knowledge of the organization. Training needs and competency gaps of our employees are identified during the annual performance appraisal and addressed through training programmes. We conduct on-the-job training as well as external training programmes. Key developments during the year are given below.

- Instilling the new corporate values introduced by the parent entity within our corporate culture
- Establishment of a training room – Training was provided to new employees on assembling appliances prior to commencing work on the production line.
- TPM related training for all employees

Training 2021/22

	Male		Female	
	Number of participant	Training hours	Number of participant	Training hours
Management Staff	24	149	10	109
External	17	127	7	65
Internal	7	22	3	44
General Staff	13	79	8	16
External	7	64	1	2
Internal	6	15	7	14

NON-DISCRIMINATION

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

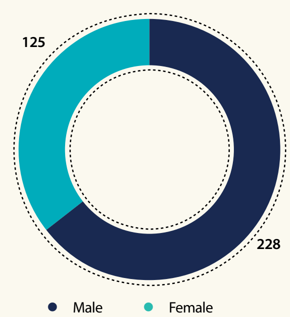
PERFORMANCE MANAGEMENT

Regnis offers a host of attractive benefits in addition to basic remuneration to attract and retain employees. Our basic remuneration is also above the industry average. Remuneration of factory level staff are determined through a collective agreement negotiated with trade union representatives every 2 years with negotiations next taking place in 2022. For other employees, rewards and opportunities for career progression are linked to the annual performance appraisal, their qualifications and skill. Annual performance appraisals were carried out for all permanent employees during the year. We ensure equitable treatment of all our employees when determining promotions and remuneration.

The performance appraisal system through management by objectives is the methodology that has been used to set standards, measure and manage performance. This has been applied at all levels.

All employees of the Group excluding interns and trainees, undergo annual and semi-annual performance appraisals. In the course the feedback sessions during the course of the year.

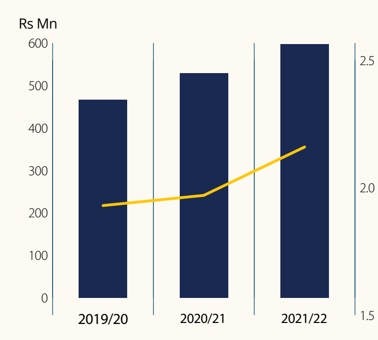
TRAINING HOURS BY GENDER (COMPANY)



Employee Remuneration - Group

Year	Total Remuneration Rs. Mn	Remuneration per employee Rs. Mn
2019/20	466	1.93
2020/21	529	1.97
2021/22	597	2.16

EMPLOYEE REMUNERATION



HUMAN CAPITAL

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

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

- Bonus
- Employee medical scheme
- Health Insurance benefits
- Employee sales scheme for Singer products
- Cost of living adjustments
- Vehicle loans
- Distress loans

ENGAGEMENT

Approximately 95% of our employees are represented through three trade unions and covered by collective agreements. Adequate notice is provided to all employees regarding major operational changes. Collective agreements also include a range of health and safety aspects including working conditions, medical benefits, provision of PPE among others. We maintained cordial relationships with trade unions and there were no industrial disputes during the year.

The Management and branch unions have regular dialogues to discuss any issues and arrive at amicable solutions. The relationship between the two parties prevents any concerns from escalating into serious disputes.

PUBLIC POLICY

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

Company	No. of employees unionized	
Regnis (Lanka) PLC	CIWU	8
	CMU	168
	ICEU	48
	Total	224
Regnis Appliances (Pvt) Ltd	Non-unionized environment	

HUMAN RIGHTS

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

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

During the year, the following engagement initiatives were carried out by the Group.

- Blood donation campaign
- Religious ceremony
- Tree Planting Campaign
- Service Awards Ceremony

Winner of Singer Got Talent Season 4 – Instrument Solo

Blood Donation Campaign

Cricket Team – Regnis Appliances

Employee service award ceremony - 2022

INTELLECTUAL CAPITAL

THE GROUP'S INTELLECTUAL CAPITAL IS CRUCIAL TO MAINTAINING ITS COMPETITIVE EDGE, FACILITATING THE DEVELOPMENT OF INNOVATIVE PRODUCTS OF INTERNATIONAL QUALITY IN LINE WITH EMERGING CUSTOMER NEEDS.

New Products	
13 Refrigerators	**3** Washers

1 AWARDS

Innovation and product development

Frequently evolving its product portfolio through innovative offerings has sharpened the Group's competitive edge, enabling Regnis along with Singer to maintain its market leadership position despite intensifying competition from international brands. In response to market trends, we launched 13 new Refrigerators & 3 new Washers with metal cabinet (Meta Series). During the year, differentiating our product range with emphasis on quality and design while discontinuing several older models and designs. Key developments during the year are listed below.

- **Metal Cabinet Washing Machines** - Metal enhances the strength of the product while preventing discolouration
- New range under Regnis appliances
- **Energy Efficiency for refrigerators** - A more energy efficient product range using digital inverter technology
- Introduction of the silver product range for refrigerators
- Introduction of floral designs and new colour variants for refrigerators

INNOVATION TIMELINE

1. **1990** Double door refrigerator
2. **1994** 225 ltr chest freezer
3. **1995** Assembly of washing machines-2.5 kg automatic model
4. **1997** CFC free refrigerant introduced
5. **1999** Assembly of whirlpool Semiautomatic washing machine
6. **2001** Manufacture of SISIL Range
7. **2003** Commercial production of no-frost refrigerator
8. **2009** New Pseu door double door refrigerator
9. **2012** Environmentally friendly GEO Series of refrigerators
10. **2013** Introduced a range of refrigerators powered by R600a refrigerant
11. **2017** GEO Smart refrigerator series
12. **2019** Large capacity inverter refrigerators
13. **2020** During the year, the Group marked a key milestone in its innovation journey , winning the coveted award for Innovation, at the Hayleys Group Chairman's Award (2020) for the large-capacity digital inverter series of refrigerators
14. **2020/21** Stainless Steel SV range with new door finishers
15. **2021/22**
    - New Refrigerator range with floral design
    - New series of washers with Metal cabinets

INTELLECTUAL CAPITAL

Newly introduced floral designs

OUR PRODUCT PORTFOLIO

53	11
models of refrigerators in three variants	models of washing machines in four variants

OUR BRAND

Our brands, 'Singer' and 'Sisil' are much loved household brands and are associated with quality, trust and value for money. The unparalleled strength of our brands has allowed quick market acceptance of new products and increased customer retention given the high degree of brand loyalty. The Singer brand is frequently recognized among Sri Lanka's leading brands by independent third parties. Awards and accolades received during the year are as follows.

AWARDS AND ACCOLADES

Certifications

- The Group's manufacturing facilities are compliant with ISO 9001:2015 Quality Management certification. Obtaining this certification involved a rigorous evaluation process which included, quality management system development, a management system documentation review, pre-audit, initial assessment, and clearance of non-conformances. These procedures enable the Group to undertake corrective action to eliminate non-conformances in the quality management process.
- The Group is also in the process of obtaining 09 models of SISIL brand Refrigerators certification from the Sri Lanka Standards Institution. This involves an assessment of the minimum energy performance (MEP) of its products and the assignment of a rating based on this assessment.

SOCIAL AND RELATIONSHIP CAPITAL

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

ENGAGEMENT METHODS

Refrigerator clinics through singer sales outlets. → Bi-annual interactive sessions with field staff. → Customer feedback form at the point of sale. → Engagement through the parent entity.

250
No. of Suppliers

Rs. 6,711 million
Supplier payments

31%
Spent on local suppliers

17%
SME suppliers

Rs. 141.3 million
Payment to subcontractors

431
Customer contact points

97%
Customer Satisfaction

10
Subcontractors

134
Indirect employment

Communities in which we operate

RELEVANCE TO STRATEGY

- Managing relationships with customers to ensure the market acceptance of our goods.
- Managing relationships with suppliers to ensure supply of raw materials.

RELATED RISK

- Competition can erode our market share if we are not attuned emerging customer preferences.
- Supplier relationships are key to ensuring secure access to raw materials.

MANAGING CUSTOMER RELATIONSHIPS

Regnis caters to an Island-wide network of customers through the extensive geographical footprint of its parent entity. As the manufacturing arm of Singer, we do not directly engage with end-customers as distribution, marketing and after-sales services are provided by the parent entity. However, we carry out engagement activities with customers to understand their evolving needs as these forms a key input to the product development process. Given the protraction of the pandemic and the restrictions on mobility, the Group was compelled to curtail this engagement to some extent during the year. Market insights derived by our parent company are shared with Regnis, ensuring the development of relevant products.

CUSTOMER PRIVACY

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

SOCIAL AND ECONOMIC AREA

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

PRODUCT AND SERVICE USAGE

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

Growth in the large size inverter refrigerator range

Launch of 13 new Refrigerators and 3 Washing Machines

No. of customers with Singer Loyalty Programme:

Reached to 2.1Mn mark from 1.9Mn

% share on country total demand:

Refrigerators

40%

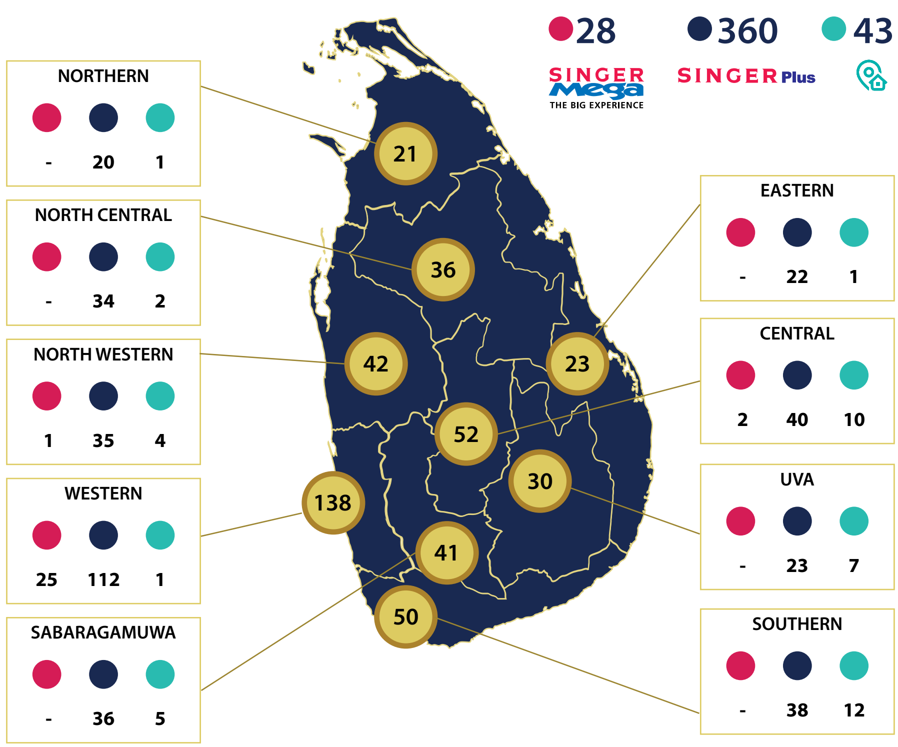
% share on country total demand:

Washers

42%

PRODUCT ACCESSIBILITY

Access to its parent entity's unmatched geographical reach has facilitated strong penetration of Regnis products in both urban and rural areas of the country. During the year, our products were sold across 431 customer points in 09 provinces consisting of Singer Mega, Singer Plus and Singer Homes outlets. The Singer Group's efforts to consolidate its distribution network and optimise its footprint to drive volume growth across key product categories has enabled increased demand for Regnis' product range.



AFFORDABLE INNOVATION

Our research and development initiatives are aligned with the evolving needs of customers enabling the production of superior products at competitive price points. In recent years, innovation has centred on improving product performance, efficiency and design which has facilitated the development of a broad product portfolio. As a local manufacturer, Regnis benefits from the import duty structure which has also assisted competitive pricing. The Group's commitment to innovation has enabled it to maintain market share despite intensifying competitive pressure from international brands.

431	17%	9%	37%
outlets across 9 provinces	volume growth in washing machines	volume growth in refrigerators	increase in revenue

SOCIAL AND RELATIONSHIP CAPITAL

Rajagiriya Branch

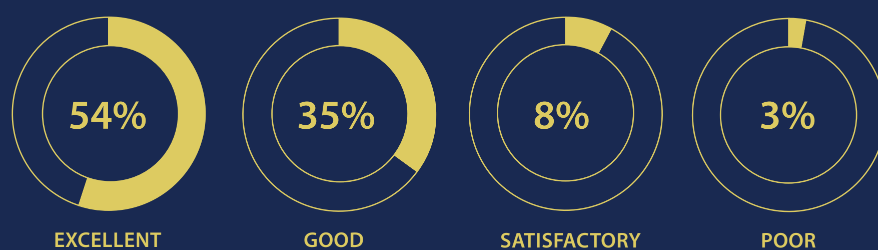
Ratmalana Branch

PRODUCT RESPONSIBILITY

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

MEASURING CUSTOMER SATISFACTION

Regnis measures customer satisfaction through feedback forms which are provided with all products at the point of sale. Customers can also submit complaints to the Group which are addressed by the respective branch managers at the retail outlets.



VALUE TO BUSINESS PARTNERS

The Group's business partners comprise primarily of its supply chain partners which includes local and international parties through which it procures raw materials. Key business partners and management focus during the year is given below.

FOCUS IN 2021/22

The Group maintained proactive engagement with international suppliers to secure access to stocks amidst escalating prices of raw materials, supply chain disruptions and the surge in freight rates during the year.

INTERNATIONAL SUPPLIERS

- Steel sheets
- Compressors
- Washing machine kits

LOCAL SUPPLIERS

- Packing material
- Cartons
- Plastic components
- Styrofoam

FOCUS IN 2021/22

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

SUB-CONTRACTORS

- Component manufacturing
- Powder painting
- Fabrication

FOCUS IN 2021/22

The Group engages 10 sub-contractors as part of the manufacturing process who in turn employ 50 persons including 15 disabled persons. The increase in production volumes at Regnis led to a parallel increase in subcontractor volumes resulting in shared value creation. We support our subcontractors through the provision of engineering and quality support, financial assistance and the provision of moulds and machinery.

250	Rs. 6,711 million	31%
No. of suppliers	Payments to suppliers	of local suppliers

COMMITMENT TO ANTICORRUPTION

Apart from investing in our community, as a responsible business, we adhere to the procedures of zero tolerance to corruption, compliance, non-discrimination, business ethics and our Environmental and Social Risk Policy and all other rules and regulatory governance in Sri Lanka. The company's management's support for anticorruption is discussed in detail.

ANTI-CORRUPTION SAFE GUARDS

The Company's policy on anti-corruption explicitly apply to all employees and directors and they must comply with the policy. Our Internal audit unit handles all internal anti-corruption activities, whereas our compliance officer handles all externality-corruption activities and compliance. The Human Resource team reviews and discusses internal discrimination and corruption further and providing a mandatory training programme to all the employees on anti-corruption to keep the employees updated.

ANTI-CORRUPTION INCIDENTS – BUSINESS PARTNERS

The anti-corruption policy is explicitly applying to the agents and advisors who are not employees but are authorized to act on behalf of the Regnis (Lanka) PLC) and to non-controlled persons or entities that provide good or services under contracts as well.

During the year under consideration, no incidents took place where contracts with business partners were terminated or not renewed due to violations related to corruption or public legal cases regarding corruption brought against the organization or its employees.

REGULAR MONITORING ON ANTI-CORRUPTION PROGRAMME

The group internal audit department and the compliance officer is regularly monitoring the anti-corruption programme to review the suitability of the programme, adequacy and effectiveness and continuously improve the programme whenever necessary.

CHILD LABOUR

At the same time, the Company and the Group does not hire anyone below 18 years of age and also does not engage in any form of child labour or related activities as a company policy. According to our environmental and social policy, we do not accept business which involves child labour.

SERVING SOCIETY AND PRESERVING NATURE

RELIGIOUS ACTIVITY

As the verity and number of Religious in the company and as a practice we are engaging with various religious activities to develop our employee's moral in spiritually. Hence, we dedicated to donate to religious places according to their requirements.

DONATIONS TO THE HOSPITALS

Being well aware of the Covid19 Pandemic that suffered the Hospital and the Medical Staff are in the current situation, Regnis has done several assistance to the "Apeksha Hospital" to preserve their Medicine for patients. As the Special commitment towards society, we have joined hands with Mr. Roshan Mahanama for his social campaign to the disabled children of "Ayati" National Center in Ragama.

TREE PLANTATION

"Planting and establishing tree are all about managing air and moisture in the soil "to bring this great massage to the society, we engaged with our dedicated staff to establish Tree plant on the Earth Day.

BLOOD DONATION

To prove the statement of "A person will be alive by Blood", We have engaged with MOH and implemented Blood donation campaign through our Regnis Welfare Society our Dedicated staff voluntarily has drawn their blood in order to fulfill shortage of Blood in the blood Bank.

MEMBERSHIP OF ASSOCIATIONS

The Group holds memberships in the following associations.

- Colombo Stock Exchange
- Central Depository System
- The Employers' Federation of Ceylon
- Central Environmental Authority
- Ministry of Commerce and Industries.
- Sri Lanka Standards Institution
- The Institute of Chartered Accountants of Sri Lanka
- Ceylon Chamber of Commerce
- Association of Accounting Technicians of Sri Lanka
- Board of Investment
- Institute of engineers Sri Lanka
- National Engineering Research and Development Centre (NERD)

NATURAL CAPITAL

WE ARE COMMITED TO REDUCING THE ENVIRONMENTAL IMPACTS OF OUR OPERATIONS THROUGH OPTIMISING THE USE OF NATURAL INPUTS AND MANAGING OUTPUTS WHICH INCLUDES ENERGY CONSERVATION, CARBON FOOTPRINT REDUCTION, OPTIMITATION OF WATER USAGE, EFFICIENT WASTE MANAGEMENT AND CONSERVATION OF BIODIVERSITY.

RELEVANCE TO STRATEGY

- Ongoing focus on reducing energy consumption and enhancing energy efficiency
- Development of sustainable products to reduce customers' carbon footprint

RELATED RISK

- Risks associated with climate change

INPUTS - COMPANY

4,040 kJ(Mn) Energy consumption
10,806 litres Water consumption
5,459 MT Material inputs
5.6% Recycled Inputs Materials

VALUE DELIVERED

823 MT Carbon footprint
148 MT Waste generated
305 MT Waste recycled

KEY HIGHLIGHTS OF THE YEAR

ENERGY USAGE

6% Reduction in Energy intensity ratio of Regnis Appliances

13% Increase in Energy intensity ratio of Regnis(Lanka)PLC

WATER USAGE

Reduction in water intensity ratio 48%

WATER USAGE

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

97 MT of Styrofoam replaced

PRODUCTS & SERVECES

In addition to pioneering the R600a refrigerant, the Group's Efforts to manufacture increasingly Energy efficient refrigerators will dive down carbon footprint of Customers

OUR APPROACH TO ENVIRONMENTAL MANAGEMENT

As a manufacturing organisation, we are cognisant of the impacts we have on the environment and are committed to reducing this footprint through optimising the use of natural resources and responsibly disposing our outputs. The Group's environmental management framework is aligned to that of its parent entity- Singer (Sri Lanka) PLC and the ultimate parent- Hayleys PLC.

We benefit from the sustainability vision, practices and guidelines of Hayleys PLC which is at considered a pioneer in sustainability across several industry sectors. Measures are in place to identify, measure and manage impacts by referencing globally accepted environmental standards and reporting tools. Our environmental policy is communicated to all employees and reinforced through training programs, signposts, and written communication.

Compliance to all environmental regulations and guidelines are monitored through the Engineering Department and during the year there were no fines or penalties imposed on the organisation for non-compliance of any environmental regulation.

Increasing energy efficiency through refining manufacturing processes, energy efficient lighting and cooling solutions	Use of sustainable raw materials and responsible disposable of waste	Reducing water consumption through process innovation and employee awareness	Driving reductions in the Group's carbon footprint through increased energy efficiency	Reducing customers' environmental footprint through manufacturing sustainable products

ENERGY CONSUMPTION

The Group's manufacturing process is energy intensive and our key energy sources are electricity and diesel. Over the years, organisation-wide efforts to nurture a culture of energy consciousness together with ongoing investments in new technology and process improvements have resulted in improving energy efficiency levels. The Group has also replaced its CFL lighting with more energy efficient LED solutions and continues to engage in pre-planned maintenance schedules to maximise energy efficiency.

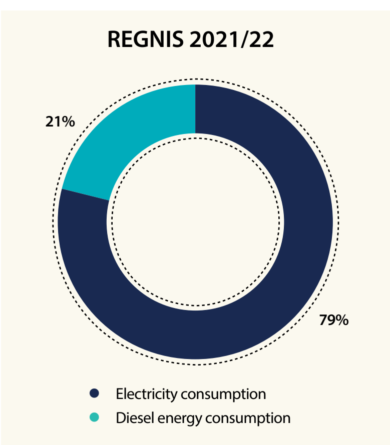
ENERGY RESULTS IN 2021/22

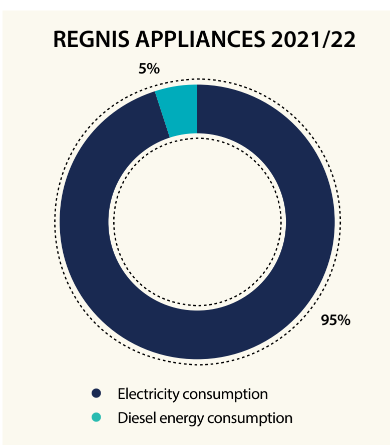
The Group continued to pursue mechanisms to enhance its energy efficiency during the year, which included the following measures:

- Refining and re-engineering processes to optimise energy consumption
- Use of energy efficient induction motors in machinery
- Raising employee awareness through ongoing engagement on energy conservation

REGNIS (LANKA) PLC	2021/22	2020/21	Change %
Diesel (litres)	23,389	6,848	242%
Electricity (Kwh)	882,181	843,940	5%
Diesel Energy Consumption in KJ (Mn)	864.4	253.1	242%
Electricity Consumption in KJ (Mn)	3,175.8	3,038.2	5%
Total Energy Consumption in KJ (Mn)	4,040.3	3,291.3	23%
Diesel energy intensity ratio KJ/unit	6,926.9	2,190.3	216%
Electricity energy intensity ratio KJ/unit	25,448.1	26,291.8	-3%
Total energy intensity ratio	32,375.1	28,482.2	14%

REGNIS APPLIANCES	2021/22	2020/21	Change %
Diesel (litres)	5,610	3,193	76%
Electricity (Kwh)	1,058,329	961,426	10%
Diesel energy consumption in kJ (Mn)	207	118	76%
Electricity consumption in kJ (Mn)	3,810	3,461	10%
Total energy consumption in kJ (Mn)	4,017	3,579	12%
Diesel energy intensity ratio kJ/unit	3,410	2,309	48%
Electricity energy intensity ratio kJ/unit	62,661	67,711	-7%
Total energy intensity ratio	66,071	70,020	-6%





WATER CONSUMPTION

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

NATURAL CAPITAL

REGNIS (LANKA) PLC	2021/22	2020/21	%YoY
Municipal Lines Water consumption (m^3)	3,602	6,445	-44%
Ground Water Water consumption (m^3)	7,204	12,890	-44%
Water consumption per unit (m^3/unit)	0.03	0.06	-48%
Total water usage (Lts)	3,602,000	6,445,000	44%
Total water intensity ratio Lts/unit	29	56	-48%

REGNIS APPLIANCES	2021/22
Municipal Lines Water consumption (m^3)	5,249
Ground Water Water consumption (m^3)	10,498
Water consumption per unit (m^3/unit)	4%
Total water usage (Lts)	5,249,000
Total water intensity ratio Lts/unit	42

DEVELOPMENTS IN 2021/22

The Group implemented a mechanism to re-use the water consumed in machine testing by diverting it to plastic injection moulding chillers. This initiative is expected to save approximately 2000 litres of water per annum.

During the year, the Group piloted a rainwater harvesting project with a collection capacity of 2000 Litres, which is expected to result in a sizable reduction in water withdrawal.

MATERIAL & WASTE MANAGEMENT

52 MT
Styrofoam packaging used

97 MT
Paper pulp used

65%
Reduction in waste to landfill

The Group's material management strategy aims to reduce plastic usage, optimise chemical usage and gradually replace non-biodegradable plastic with more sustainable materials. In 2019/20, the Group launched an ambitious program to replace its Styrofoam packaging with paper pulp material the program was initially launched for the side packaging of the refrigerators and subsequently expanded this to include the top packaging of the Refrigerator & for washing machines. The progress made is set out alongside.

Regnis (Lanka) PLC

Material consumption		2021/22	
MODEL	DIRECT MATERIALS (kg)	PACKING MATERIALS (kg)	TOTAL WEIGHT (kg)
RGS 150	87,657	7,185	94,842
ECO 55	386,716	28,435	415,151
GEO 182	111,925	10,588	122,513
ECO 72/ ECO 72WR	496,002	44,513	540,515
GEO 200D	562,836	49,872	612,707
ECO 192/WR 192	1,947,350	172,550	2,119,900
GEO 242	143,009	13,784	156,793
ECO 245	236,758	22,820	259,578
GEO 260	277,058	24,092	301,150
ECO 251/251WR	618,240	53,760	672,000
GEO 285	106,064	9,281	115,345
GEO 305	44,940	3,670	48,610
TOTAL	5,018,554	440,549	5,459,103

Regnis Appliances

Material consumption		2021/22	
MODEL	DIRECT MATERIALS (kg)	PACKING MATERIALS (kg)	TOTAL WEIGHT (kg)
SAR6	399,713	53,295	453,008
WM68	71,708	9,561	81,269
SWMFA70R	807,125	115,304	922,428
SL-SWMFR72	125,055	17,865	142,920
SWM-WSFR7	208,562	29,795	238,356
SL-FATLRG7	5,040	720	5,760
SWM-FATL7R-BB	39,375	5,625	45,000
SWM-FAR75	10,868	1,553	12,420
SL-RFA75	38,210	5,459	43,668
SWM-MET80R	7,214	1,031	8,244
SWM-MET80PL	7,497	1,071	8,568
SWM-MET80GL	4,410	630	5,040
TOTAL	1,724,774	241,907	1,966,680

WASTE MANAGEMENT

The waste generated from our operations include forms of solid waste such as metal off cuts, wood pallets, corrugated cartons, Styrofoam, plastic, polythene and paper. The Group's waste management agenda is centred on reducing the waste generated from our operations while ensuring responsible disposal. We are committed to reducing landfill waste through our operations by re-using, recycling and responsible disposable of all waste. Accordingly, metal off-cuts, plastic, polythene and cardboard are recycled while off-cuts of HIP are re-used within the factory.

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

Assuring the proper disposal of waste

REGNIS (LANKA) PLC

Method of disposal	Waste type	Estimated quantity
Factory reuse	HIPS-off cuts	142 MT
	ABS	14.8 MT
Recycled by a third party	Plastics and Polythene	11.8 MT
	Corrugated cartons	66.2 MT
	Chemical barrels	2581 Nos
	Metal sheets	59.2 MT
	PU foam	10.68 MT
Municipal garbage collection	Stickers and tapes	Yet to be quantified
	Plastics	Yet to be quantified
	Paper waste	Yet to be quantified
	Food waste	Yet to be quantified
	Other waste	Yet to be quantified

Recycled inputs as % of total materials inputs - 5.6%

EMISSIONS

Implications of climate change

Opportunities	Risks
Customers' increasing preference for sustainable products	Impacts on the agriculture which directly affect demand for our products
Product and process innovation which drives reduction in the carbon footprint	Implications on supply chains

ASSESSMENT OF OUR CARBON FOOTPRINT

For the 3rd consecutive year, the Group engaged the National Engineering Research and Development Centre of Sri Lanka to compute its Greenhouse Gas Emissions inventory. The computation takes into consideration all direct and indirect GHG emission processes and activities such as electricity consumed, diesel used, water consumption, modes of transportation, process emissions and waste disposal among others. The computation is based on the ISO 14064-1:2019. This year, the Group has widened the scope of its computation and key elements are highlighted below:

Electricity and diesel consumption	Water consumption	Logbook data for local travels	Raw material imports	Finished product transportation

EMISSIONS - SCOPE

Direct GHG Emissions (Scope 01)

are defined as 'emissions from sources that are owned or controlled by the organization, such as,

- Diesel consumption of standby generator
- Diesel and Petrol consumption of different mode of staff travelling
- Diesel consumption of factory own vehicles for finished goods and waste transportation

Indirect GHG Emission from imported energy-(Scope 02)

Defined as 'emissions from the consumption of purchased electricity since the Regnis (Lanka) PLC uses electricity from the National Power Grid.

Indirect GHG Emission from Transportation-(Scope 03)

Defined as 'emissions that are related to the transportation of goods or staff, but are not directly owned or controlled by the organization' includes employee commuting in public transport, business travel, etc.

Indirect GHG Emission from Product used by organization-(Scope 04)

Defined as GHG emission of the products used in the factory such as raw materials, emission related the manufacturing stage. This was excluded due to unavailability of GHG emission data of raw materials through the suppliers.

Indirect GHG Emission associated with the use of products from the organization-(Scope 05)

Defined as the GHG emission of products or waste of the factory at the customer using or disposal stage.

NATURAL CAPITAL

GHG emission from the wastes and the refrigerant gas leak/balance of the used cylinder are quantified but the GHG emission related to usage stage of the products produce from the organization are excluded due to unavailable of data.

Indirect GHG Emission from other sources - (Scope 06)

are defined as 'emissions that are consequence of the operations of an organization, but are not directly owned or controlled by the organization' and not belongs under the above described categories. And GHG Emission related to the water consumption form National Water Supply Board was included for the estimation.

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

EMISSIONS CONSIDERED

IDENTIFY GHG EMISSION SOURCES OF THE REGNIS FACTORY

Scope	Type	Sources
Scope 01	Direct GHG Emissions	• Diesel – Standby Generator • Fuel - Factory Owned Vehicle • Diesel – Fork lifts
Scope 02	Indirect GHG Emission from imported energy	Electricity Consumption
Scope 03	Indirect GHG Emission from Transportation	Transportation not owned by Factory • Staff Transport (Public and Private) • Raw Material Transport (Harbor to Factory) • Finish Good Transport (Factory to Warehouse) • Waste Transport • Employee Business Travel
Scope 04	Indirect GHG Emission from Product used by organization	This was excluded due to unavailability of GHG emission data of raw materials through the suppliers.
Scope 05	Indirect GHG Emission associated with the use of products from the organization	• Waste Disposal • Refrigerant retain in the used cylinders (Assume 0.5% will resume and will be fugitive emission on disposal on used cylinders)
Scope 06	Indirect GHG Emission from other sources	Water Consumption – National Water Supply Board

EXCLUDED ACTIVITY DATA DURING QUANTIFY GHG EMISSION

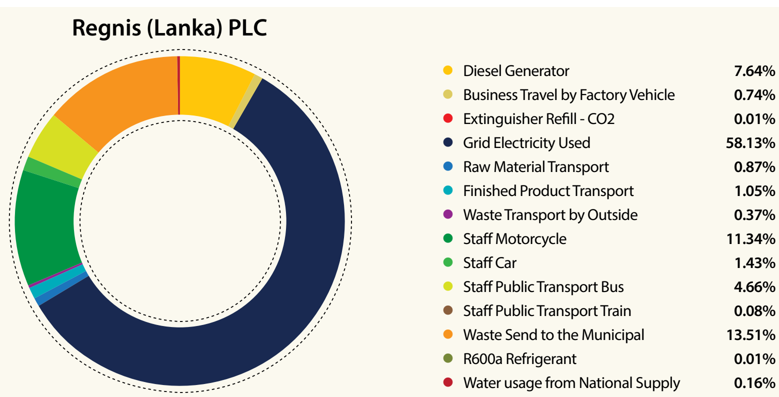
Exclusion from the Organization Boundary	Reason
GHG Emission - Raw Material Cargo Transportation	There are many varieties of raw materials and Number of suppliers company has no records to track the supply
GHG Emission – AC refrigerant	Only few air conditioners have been used in office area and were not included in this study as GHG emission sources, since the repairing or gas re-filling activities were not carried out during the period
GHG Emission – Raw Material	Unavailability of GHG emission data of raw materials through the suppliers.

EMISSION CALCULATION

Summary of Annual GHG Inventory of the factory

Type	Emission Source/Activity	Unit	Emission Factor			Activity Data			GHG Emission tCO2eq		
						2019 Apr - 2020 March	2020 Apr - 2021 March	2021 Apr - 2022 March	2019 Apr - 2020 March	2020 Apr - 2021 March	2021 Apr - 2022 March
			Value	Source	Unit						
Direct Emission	Standby Diesel Generator	Litre/Year	3.	DEFRA 2020	kg CO2eq/lit.	6,620	6,848	23,389	18.	18.	63.
	Business Travel by Factory Vehicle (Crew Cab)	km/Day	0.48251	DEFRA 2020	kg CO2eq/km	15,625	15,496	12,599	8.	7.	6.
	Extinguisher Refill - CO2	kg/Year	1.0		kg CO2eq/kg	49	37	70	0.05	0.04	0.07
	Sub Total								25.	26.	69.
Indirect Imported Energy	Grid Electricity Used	kWh/Year	0.54220	SEASL Energy Balance 2019	kg CO2eq/kWh	876,339	836,643	882,181	475.	454.	478.
Indirect Transport	Raw Material Transport [Container] From Colombo Harbor to Ratmalana	km/Day	0.8654	DEFRA 2020	kg CO2eq/km	9,293	7,965	8,319	8.	7.	7.20
	Finished Product Transport [Container]From Ratmalana to Piliyandala	km/Day	0.8654	DEFRA 2020	kg CO2eq/km	8,110	9,011	10,012	7.	7.80	9.
	Waste Transport by Outside Vehicle (Lorry)	km/Day	0.48251	DEFRA 2020	kg CO2eq/km	6,845	4,810	6,290	3.30	2.	3.
	Staff Motorcycle (Petrol - Medium Size)	km/Day	0.10086	DEFRA 2020	kg CO2eq/km	3,083	3,083	3,083	93.	93.	93.
	Staff Car (Petrol) (Small)	km/Day	0.14836	DEFRA 2020	kg CO2eq/km	265	265	265	12.	12.	12.
	Staff Public Transport Bus	km/Day	0.10312	DEFRA 2020	kg CO2eq/km. Passenger	1,240	1,240	1,240	38.	38.	38.
	Staff Public Transport Train	km/Day	0.03694	DEFRA 2020	kg CO2eq/km Passenger	60	60	60	0.66	0.66	0.66
	Sub Total								162.	161.	163.00
Indirect Incorporated with Products	Waste Send to the Municipal	kg/Year	458	DEFRA 2020	kg CO2eq/ton	272,569	264,266	242,548	125.	121.	111.
	R 600A Refrigerant Leak from Used refrigerant Cylinders	kg/Year	3	DEFRA 2020	kg CO2eq/kg	4,610	5,630	8,246	0.07	0.08	0.12
	Sub Total								125.	121.	111.
Indirect Others	Water usage from National Supply	m3/Year	0.344	DEFRA 2020	kg CO2eq/m3	5,550	4,151	3,712	2.	1.	1.
Total		MT							790.	763.	823.

DETAIL PERCENTAGE GHG EMISSION 2021 – 2022



NATURAL CAPITAL

SUSTAINABLE PRODUCTS

As a manufacturer of consumer durables which consume energy, we are cognisant of the significant impact we can have on reducing customers' carbon footprint through enhancing the energy efficiency of our products.

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

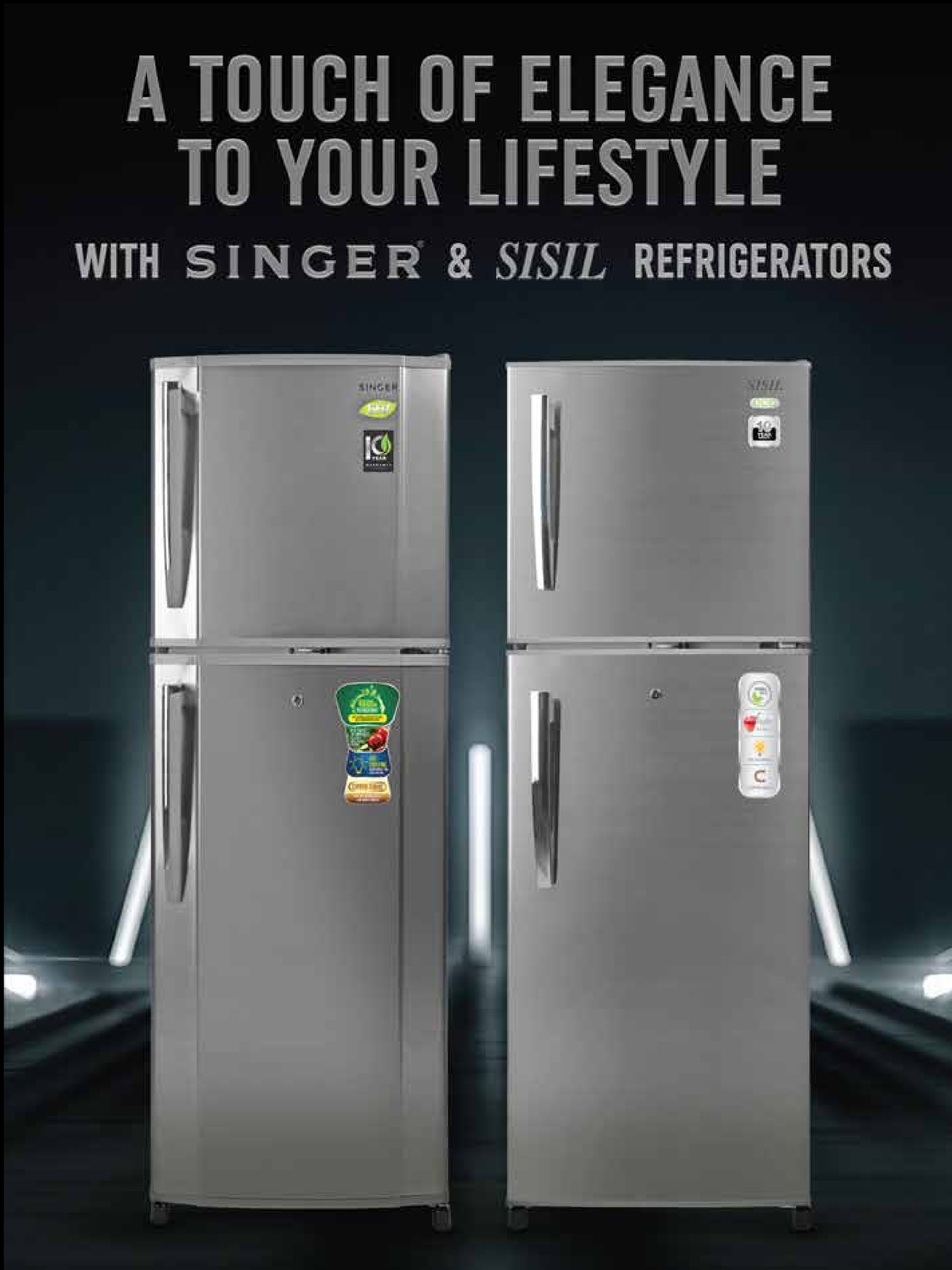
1. Pioneered the use of the R600a refrigerants in Sri Lanka, which directly contributing towards reducing the country's overall carbon footprint
2. Manufacture of semi and fully automatic washing machines have short and smaller pre-set cycles
3. The adoption of the R600a gas in the manufacture of refrigerators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

GOVERNMENT ASSISTANCE

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

ENSURING ENVIRONMENTAL COMPLIANCE

No non-compliances with environmental laws and regulations have been identified in 2021/22.The parent company Singer (Sri Lanka) PLC's sustainability division exercises regular monitoring of environmental performance and reports on it regularly. The Sustainability devision maintains a record of any complaints of non-compliances and investigates them carefully. However, in 2021/22 no cases of actual non-compliances were found in any areas of the Group's operations.


A TOUCH OF ELEGANCE
TO YOUR LIFESTYLE
WITH SINGER® & SISIL REFRIGERATORS
SINGER
SISIL

CORPORATE GOVERNANCE

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

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

BOARD OF DIRECTORS

The Board comprised eight (8) directors on the 31st of March 2022; the Board remained unchanged compared to the previous year, except for the appointment of two (2) Alternate Directors in April 2022. The Board comprised consisted of five (5) non-executive directors and three (3) executive directors. Of the non-executive directors, four (4) function in an independent capacity. Please refer to pages 19 to 21 for full profiles of Directors.

APPOINTMENT OF ALTERNATIVE DIRECTORS

- Mr.K.T Ramesh Chitrasiri in April 2022
- Mr.V.J Shanil Perera in April 2022

BOARD MANDATE

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

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

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

SUB-COMMITTEES

The Board has delegated certain functions warranting greater attention, to 4 Board Sub-Committees with oversight responsibility for same. This enables the Board to allocate sufficient time to matters within its scope, particularly execution of strategy and forward-looking agenda items. As permitted by the Listing Rules, the parent entity's sub-committees function as the Regnis Group's sub-committees. The roles of the committees, composition, meeting attendance during the year and focus areas during the year are given in the respective committee reports from pages 111 to 116 of this Report.

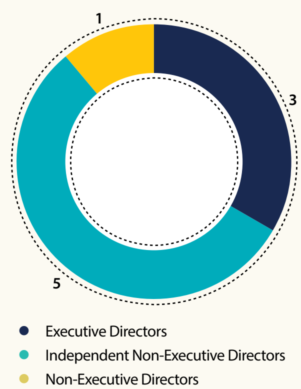
The Corporate Governance System

Level	Governance Structure Board of Directors and Corporate Management Team	Integrated Governance Integrated Governance Systems and Procedures	Assurance Mechanisms	Regulatory Mechanisms
Group	Remuneration Committee Audit Committee | Board of Directors | Nomination Committee Related Party Transaction Review Committee	Strategy Formulation and Decision-Making Process Human Resource Governance Internal Audit & Integrated Risk Management	Code of conduct & Ethics Senior Independent Director Board Committees	Companies Act No. 7 of 2007 Mandatory compliance Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including Directives and circulars Mandatory compliance
Company	Group Chief Executive Officer-(CEO) Corporate Management Team Employees Customers Community Environment	IT Governance Tax Governance Stakeholder Management and Effective Communication Sustainability Governance	Employee Participation Internal Control Internal Audit External Assurance	Listing Rules of the Colombo Stock Exchange (CSE) Mandatory compliance Code of Best Practice on Related Party Transactions (2013) advocated by SEC Mandatory compliance The Code of Best Practice on Corporate Governance (2013) as published by SEC and the Institute of Chartered Accountants, Sri Lanka (CA Sri Lanka) Voluntary compliance

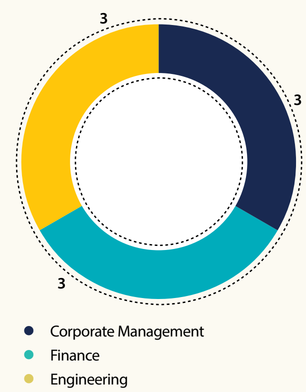
BOARD EFFECTIVENESS

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

BOARD COMPOSITION



BOARD SKILLS



ROLE OF CHAIRMAN AND CEO

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

BOARD APPOINTMENT AND RE-ELECTION

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

BOARD ACCESS TO INFORMATION

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

Directors also have unfettered access to the Company Secretary.

BOARD ACTIVITIES

Board meetings

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

CORPORATE GOVERNANCE

Director	Board Meeting	Audit {1}	Remuneration {1}	Nomination {1}	Related party {1}
Mr. A M Pandithage	4/4			-{4}	
Mr. M H Wijewardene	4/4				4/4
Mr. S C Ganegoda	3/4				
Mr. D K de S Wijeyeratne	4/4	4/4	1/1		4/4
Mr. M H Jamaldeen	4/4	4/4	-	-{4}	
Mr. N L S Joseph	4/4				
Mr. K D G Gunaratne	4/4				
Mr. K D Kospelawatta	4/4				
Mr. D Sooriyaarachchi{2}		3/4	1/1		3/4
Mr. K D D Perera{3}				-{4}	

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

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

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

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

BOARD FOCUS AREAS

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

Assessing implications of macro-economic landscape

- Proactively monitoring emerging developments in the macro-economic environment including fluctuations in interest rates, exchange rates and inflation
- Formulating immediate to short-term and mid-to-long term action plans
- Exploring ways to leverage synergies with the Singer and Hayleys Groups to support raw material supply

Monitoring performance

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

Implications of COVID-19

- Ensuring the stringency of measures in place to safeguard employees
- Disruptions to supply chains and volatility in raw material pricing
- Encouraged employees to obtain vaccinations other the camp
- Analysis of macro-economic scenarios and potential implications on the Group

BOARD REMUNERATION

A formal and transparent procedure is in place for determining remuneration of Directors and developing executive remuneration policy. Remuneration for Non-Executive Directors is determined taking into consideration the time commitment, role and responsibilities of each individual Director as well as industry practice. The Board has delegated this responsibility to the Board HR and Remuneration Committee, the details and composition of which are given on page 113 of this Report. No individual director has the capacity to determine his own remuneration.

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

Remuneration of executive directors and employees comprise guaranteed pay and pay for performance, designed to incentivise higher levels of achievement according to agreed criteria. Remuneration of non-executive directors comprise solely of guaranteed remuneration. The remuneration of the Directors is disclosed on page 158 of this Annual Report and the detailed Remuneration Committee Report is given on page 113.

Accountability and Audit

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

Our Annual Report conforms to the GRI Standards on sustainability reporting, prescribed by the Global Reporting Initiative and the Integrated Reporting Framework published by the International Integrated Reporting Council.

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

- The Annual Report of the Board of Directors on the Affairs of the Company on pages 118 to 122 of this Report contains the declarations prescribed by the Code.
- The Statement of Directors' Responsibility is given on pages 123 to 124 of this Report.
- The Independent Auditor's Report on page 127 to 129 of this Report.

The Management Discussion and Analysis as set out from page 14 to page 72 of this Report, includes the following information specified in the Code of Best Practice.

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

Audit Committee

The Board Audit Committee is chaired by a Non-Executive, Independent Director who has substantial and relevant experience in financial management and related areas. The Committees' responsibilities and specific duties are set out in the Audit Committee Charter which empowers it to examine any matters relating to the financial affairs of the Group and to review the adequacy of the internal control procedures, coverage of internal and external audit programmes, determining appropriate accounting policies and review of significant business risks and control issues. It also reviews the Corporate Audit Report of the Corporate Internal Audits of Singer Asia ltd. The Finance Director of the parent company, Compliance officer, audit staff, representatives of external auditors regularly attend the meetings of the Audit Committee by invitation.

ETHICS

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

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

WHISTLEBLOWING POLICY

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

Communication with shareholders

The Company's majority shareholder is Singer Sri Lanka PLC who is also the sole retailer of goods manufactured by the Company. There are 5 common directors who sit on the Board of Regnis (Lanka) PLC and that of Singer (Sri Lanka) PLC while the ultimate parent Hayleys PLC and Regnis (Lanka) PLC has 4 Directors in common.

Related party transactions between Regnis (Lanka) PLC and its parent entity are detailed on pages 198 to 203 of the financial statements.

The Company maintains a high level of engagement with its shareholders, facilitated through the AGM and dissemination of accurate and relevant information. Channels facilitating shareholder communication include corporate website, announcements to the Colombo Stock Exchange and other press articles. Interim performance reports published to shareholders whilst Annual Reports are provided to all shareholders either in printed or compact disk (CD) form depending on their preferences.

Shareholders can direct their questions, comments and suggestions to the Board of Directors or Management team through the Company Secretary, who acts as the contact points for shareholder concerns.

CORPORATE GOVERNANCE

The Annual General Meeting

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

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

COMMITMENT TO ESG

During the year, the Hayleys Group launched the Hayleys Lifecode, a holistic ESG framework which seeks to drive ESG integration across the Group. The Hayleys Lifecode sets out the Group's long-term social and environmental aspirations and a roadmap plan for achieving these goals through annual targets and action plans. As a subsidiary of Hayleys, Singer has committed to the aspirations set out under the Lifecode and will drive efforts towards achieving these targets. Regnis will also play a vital role in achieving the goals set out and is currently formulating plans to achieve these aspirations.

In line with the launch of the Hayleys Lifecode, the Singer Group (and in turn Regnis) is also required to comply with a range of social and environmental policies, which seek to ensure ESG best practice across the organisation.

Sustainability Reporting

The Group's award-winning Annual Report is prepared in line with the recommendations of the Integrated Reporting Framework of the IIRC, and the GRI Standards for sustainability reporting. Key elements of our reporting is set out below:

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

COMMITMENT IN ESG FRAMEWORK

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

The Hayleys Group marked a step change in its sustainability commitment during the year, launching a comprehensive ESG framework- 'Hayleys Lifecode' which clearly sets out its commitment to delivering triple bottom line value. The Framework demonstrates the Group's commitment to driving sustainable economic growth, fostering social development and investing in environmental sustainability while ensuring integrity and good governance. The Hayleys Lifecode sets out ambitious environmental, social and governance targets which have been cascaded down to Group companies, thereby ensuring organisation-wide commitment to the Group's sustainability aspirations.

Key aspirations of the Hayleys Lifecode are set out below:

The World Of Hayleys Since 1878

OUR PURPOSE
Thriving businesses that shape better futures

ENVIRONMENTAL
Minimise our footprint while seizing opportunities to shape a greener future

SOCIAL
Striving and thriving together for a better tomorrow

GOVERNANCE
Responsible and responsive corporate citizenry

TARGETS FOR 2030

Energy & emissions
30% reduction in Scope 1 & 2 GHG emissions

An engaged team
100% coverage of anti-discriminatory training to build an inclusive workforce

Health, safety and well-being
Zero workplace injuries/ diseases

Structure and oversight
100% compliance to relevance laws and regulations

Stakeholder engagement
Meaningful and impactful stakeholder relationships

Water Utilisation
50% sustainable water sourcing

Materials and waste
Zero landfill waste by 2030

Chemicals
100% safe chemical management practices

Transparency and accurate reporting
Internal and external reporting on ESG factors

Enterprise risk management
Holistic processes to identify, measure and mitigate ESG risks

Biodiversity
Enhance biodiversity in 5 times the area occupied by the Group

Supplier relationships
40% of suppliers to be screened on social and environmental criteria

Customer relationships
Customer satisfaction surveys and grievance mechanisms for 100% of operations

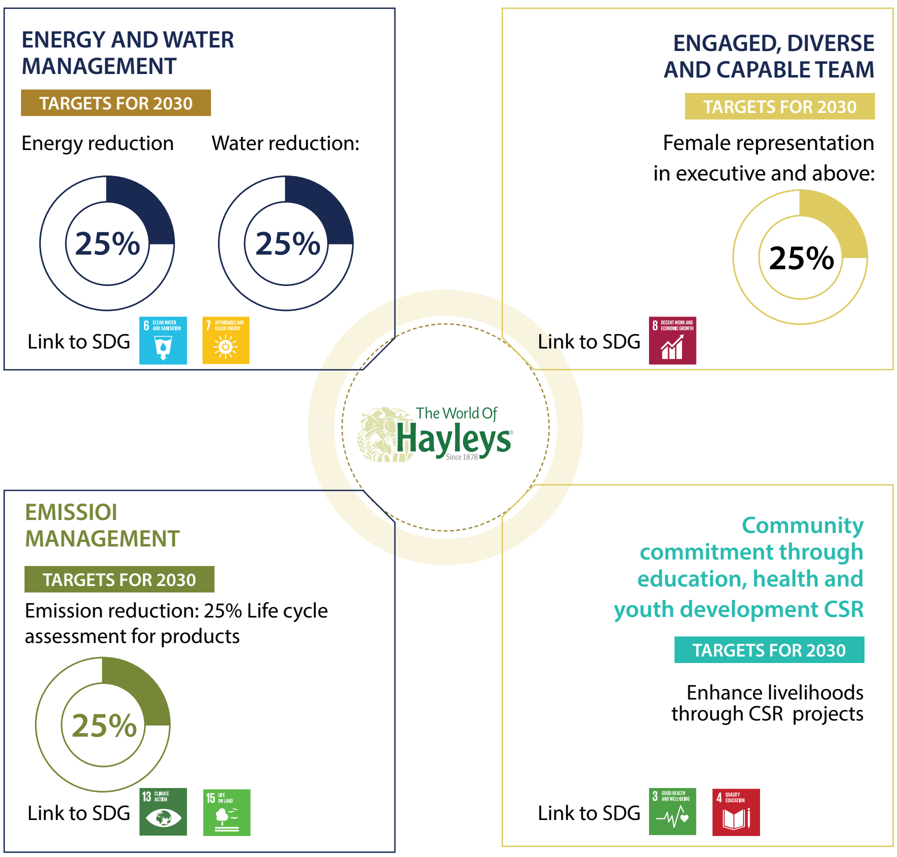
Community relationships
50% increase in CSR beneficiaries

Ethics and culture
Full compliance to the Hayleys Way

CORPORATE GOVERNANCE

SINGER GROUP APPROACH TO SUSTAINABILITY

The Singer Group's sustainability commitments are clearly set out in 'Singer Paramaarthayen Perata' (Progress through purpose), a holistic sustainability vision, which is aligned to the Hayleys Lifecode and has been refined to suit Singer's business model and operating context. We are also committed to nurturing a socially and environmentally-conscious culture across the organisation, as reflected in the inclusion of 'Sustainability" to the Group's recently launched Core Values. The Framework is centred on 4 pillars (as illustrated below) and defines social and environmental targets in line with the aspirations of the Hayleys Group. Each of these pillars are also linked to the United Nations Sustainability Development Goals (SDG) as illustrated below:



MANDATORY COMPLIANCE REQUIREMENT

01. Companies Act No 07 of 2007

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

Reference to the Companies Act	Compliance Requirement	Status of Compliance	Details of Compliance
Section 168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period.	COMPLIED	Refer note 1.3 on 'Principal Business Activities and Nature of Operations of the parent Company on page 138.'
Section 168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed in accordance with Section 152.	COMPLIED	The Financial Statements of the Company for the period ended 31st March 2022 have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards (SLFRSs and LKASs) and comply with the requirements of the Companies Act No. 07 of 2007 and which were duly certified by the Chief Financial Officer (the person responsible for the preparation of the Financial Statements in accordance with above requirement) and were signed by two members of the Board as appearing on pages 132 to 203 form an integral part of this Report.
Section 168 (1) (c)	Auditor's Report on the Financial Statements of the Group and the Company.	COMPLIED	Refer pages 127 to 129 for the Independent Auditor's Report.
Section 168 (1) (d)	Any changes in Accounting Policies of the Group and the Company.	COMPLIED	Significant Accounting Policies adopted in the preparation of the Financial Statements of the Company are given on pages 138 to 152.
Section 168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period.	COMPLIED	The Company maintain Interests Registers. All Directors have made declarations as required by Sections 192 (1) and (2) of the Companies Act aforesaid and all related entries were made in the Interests Registers during the year under review. The Interests Registers are available for inspection by shareholders or their authorized representatives as required by Section 119 (1) (d) of the Companies Act No. 07 of 2007.
Section 168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	COMPLIED	Refer Note 9 of the Financial Statements on page 158.
Section 168 (1) (g)	Total amount of donations made by the Company during the accounting period.	COMPLIED	Refer Note 9 on page 158.
Section 168 (1) (h)	Information on the Directorate of the Company and its Subsidiary during and at the end of the accounting period.	COMPLIED	Annual Report of the Board of Directors on the Affairs of the Company on pages 118 to 122 and Board of Directors on pages 19 to 21.
Section 168 (1) (i)	Separate disclosure on amounts payable to the Auditors as Audit Fees and Fees for other services rendered during the accounting period.	COMPLIED	Refer Note 9 on page 158.

CORPORATE GOVERNANCE

Reference to the Companies Act	Compliance Requirement	Status of Compliance	Details of Compliance
Section 168 (1) (j)	Auditor's relationship or any interest with the Company and its Subsidiary.	COMPLIED	Auditors do not have any other relationship or interest in contracts with the Company other than being the Auditors for the Company. Annual Report of the Board of Directors on the Affairs of the Company on pages 118 to 122.
Section 168 (1) (k)	Acknowledgment of the contents of this Report/Signatures on behalf of the Board.	COMPLIED	Annual Report of the Board of Directors on the Affairs of the Company on pages 118 to 122.

02. LISTING RULES OF COLOMBO STOCK EXCHANGE ("CSE")

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

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

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
7.6.(i)	Names of persons who during the financial year were Directors of the entity.	COMPLIED	Refer Board of Directors on page 119.
7.6.(ii)	Principal activities of the Company and its subsidiary during the year.	COMPLIED	The principal activities of the Company and its subsidiary during the year are given in the Annual Report Note 13 on page 138.
7.6.(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	COMPLIED	The 20 largest shareholders together with their shareholding as at 31st March 2022 is provided on item 7 on page 206.
7.6.(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	COMPLIED	Refer Note 4 on page 204.
7.6.(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year.	COMPLIED	Refer Note 6 on page 205. Refer Note 7.5 on page 119.
7.6.(vi)	Information pertaining to material foreseeable risk factors of the entity.	COMPLIED	Risk management section refer on pages 37 to 40.
7.6.(vii)	Details of material issues pertaining to employees and industrial relations of the entity.	COMPLIED	The Company did not encounter any relating to employees and industrial relations during the year 2021/22.
7.6.(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	COMPLIED	Refer Note 12.10 on page 168.
7.6.(ix)	Number of shares representing the entity's stated capital.	COMPLIED	Refer Note 23 on page 177.

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
7.6.(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in the given categories.	COMPLIED	Refer Note 4 under Investor relation Information Section on page 204.
7.6.(xi)	List of ratios and market price of share.	COMPLIED	Refer page 10 and 214.
7.6.(xii)	Significant changes in the entity's fixed assets and the market value of land, if the value differs substantially from the book value.	COMPLIED	Refer Note 12.6 on page 167.
7.6.(xiii)	If during the year the entity has raised funds either through a public issue, rights issue, and private placement.	NOT APPLICABLE	The Company did not raise funds to increase its Stated Capital during the year.
7.6.(xiv) (a & b)	Employee Share Option Schemes and Employee Share Purchase Schemes.	NOT APPLICABLE	There are no Employee Share Option Schemes or Purchase Schemes in the Company.
7.6.(xv)	Disclosures pertaining to Corporate Governance practices in terms of rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Rules (Relating to Directors).	COMPLIED	Disclosures pertaining to directors - refer on page 83 and 85.
7.6.(xvi)	Details of related party transactions.	COMPLIED	Refer Note 37 on pages 198 to 203.

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

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
7.10.1	Non-Executive Directors		
7.10.1 (a)	Two or one third of total number of directors on the Board to be non executive directors, whichever is higher.	COMPLIED	The Board of Directors comprises eight Directors, five of whom are Non-Executive Directors.
7.10.2	Independent Directors		
7.10.2 (a)	One third of non-executive directors shall be independent.	COMPLIED	Refer page 119.
7.10.2 (b)	Disclosure relating to non-executive Directors' independence.	COMPLIED	Each non-executive independent directors have submitted a declaration confirming their Independence.
7.10.3	Disclosure Relating to Directors		
7.10.3 (a)	The names of Non-Executive Directors determined to be 'independent'.	COMPLIED	The Board has made a determination for the financial year as to the independence or Non-independence of each non-executive director based on such declaration and other information made available to the Board.

CORPORATE GOVERNANCE

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
7.10.3 (b)	In the event a Director does not qualify as 'independent' against any criteria set out in the Rules, however, if the Board is of the opinion that the Director is nevertheless 'independent', the Board shall specify the criteria not met and the basis for its determination.	COMPLIED	Refer page 119.
7.10.3 (c)	A brief resume of each directors, including information on the nature of his/ her expertise in relevant functional areas.	COMPLIED	Refer pages 19 to 21.
7.10.3 (d)	In the event of an appointment of a new Director, a brief resume of such director shall be submitted immediately to the CSE for dissemination to the public.	COMPLIED	A brief resume of each new director was published along with the announcement of appointment on CSE.
7.10.4	Criteria for defining independence		
7.10.4 (a - h)	Requirements for meeting the criteria for an Independent Director.	COMPLIED	Refer page 119.
7.10.5	Remuneration Committee		
7.10.5 (a)	Non-Executive Directors, a majority of whom shall be independent, and where both Parent company and the subsidiary are Listed Entities the remuneration committee of the parent company may be permitted to function as the remuneration committee of the subsidiary.	COMPLIED	Refer the Remuneration Committee report on page 113.
7.10.5 (b)	Functions, The Committee shall recommend to the Board the remuneration payable to the Executive Directors and Chief Executive Officer.	COMPLIED	Refer the Remuneration Committee report on page 113.
7.10.5 (c)	Disclosure In Annual Report , Names of Directors comprising the Remuneration Committee (or persons in the parent company's committee), Statement of remuneration policy, Aggregate Remuneration paid to Executive & Non- Executive Directors.	COMPLIED	Refer the Remuneration Committee report on page 113.
7.10.6	Audit Committee		
7.10.6 (a)	Non-Executive Directors, a majority of whom shall be independent, and where both Parent company and the subsidiaries are Listed Entities the Audit committee of the parent company may be function as the Audit committee of the subsidiary. Unless otherwise determined by the Audit Committee. The Chief Executive Officer and the Chief Financial Officer shall attend Audit Committee Meetings. The Chairman or one member of the Committee should be a Member of a recognized professional accounting body.	COMPLIED	Refer the Audit committee report on pages 111 to 112. The Chairman of committee is a member of a recognized professional accounting body.

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
7.10.6 (b)	Functions, 01. Oversee the preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards. 02. Oversee compliance with financial reporting requirements, information requirements as per related regulations and requirements. 03. Oversee processes to ensure internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards. 04. Assessment of the independence and performance of the external auditors. 05. Make recommendations to the Board on pertaining to appointment, re-appointment and removal of external auditors and approve remuneration and terms of engagement of the external auditors.	COMPLIED	Refer the Audit committee report on pages 111 to 112.
7.10.6 (C)	Disclosure in the Annual Report on Audit Committee, - Names of the directors (persons in the parent company's committee). - The Committee shall make a determination of the independence of the auditors and shall disclose the basis for such determination. - A report by the Committee setting out the manner of compliance in relation to the above.	COMPLIED	Refer the Audit committee report on pages 111 to 112.
7.14.1	As a listed company in the Main Board, the company maintained the minimum public holding under specified criteria.	COMPLIED	Refer the Investor Information on page 204.

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

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
9	**RELATED PARTY TRANSACTIONS REVIEW COMMITTEE**		
9.2.1	Except for the transactions set-out in Rule 9.5 all other Related Party transactions should be reviewed by the Committee.	COMPLIED	Refer the Related Party committee report on pages 115 to 116.
9.2.2	The Committee should comprise a combination of non-executive directors and independent non-executive directors. The composition of the Committee may also include executive directors, at the option of the Listed Entity. One independent non-executive director shall be appointed as Chairman of the Committee.	COMPLIED	Refer the Related Party committee report on pages 115 to 116.
9.2.3	In a situation where both the parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary.	COMPLIED	Refer the Related Party committee report on pages 115 to 116.

CORPORATE GOVERNANCE

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
9.2.4	The Committee shall meet at least once a calendar quarter. The Committee shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	COMPLIED	Refer the Related Party committee report on pages 115 to 116.
9.3	**DISCLOSURES**		
9.3.1 (a)	Entity shall make an immediate announcement to the Colombo Stock Exchange- of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. Listed Entity shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the financial year.	COMPLIED	Disclosed
9.3.2	**Disclosures in the Annual Report**		
9.3.2 (a)	In the case of Non-recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements such information must be presented in the Annual Report.	NOT APPLICABLE	No such transactions during the year.
9.3.2 (b)	In the case of Recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report.	COMPLIED	Refer Note 37.2.1 on page 199.
9.3.2 (c)	Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following - Names of the Directors comprising the Committee; - A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/observations to the Board of Directors. - The policies and procedures adopted by the Committee for reviewing the Related Party Transactions. - The number of times the Committee has met during the Financial Year.	COMPLIED	Refer the Related Party committee report on pages 115 to 116.
9.3.2 (d)	A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with these Rules pertaining to Related Party Transactions.	COMPLIED	Refer page 116.

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE

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

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

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A **A.1**	**Directors** **The Board** Main Principle Every public company should be headed by an effective Board, which should direct, lead and control the company.		
A 1.1	The Board should meet regularly - at least once every quarter and the Board should be provided information on a regular basis. Following Information to be reported to the Board on a regular basis; Financial and operational results, impact of risk factors, forecast for the next period, compliance with laws and regulations, internal control breaches or frauds, share trading of the Company and related party transactions, and other matters board should be aware of.	COMPLIED	Refer page 76. A board pack containing all relevant information is submitted to board of directors.
A 1.2	Board Responsibility		
	Ensuring the formulation and implementation of a sound business strategy.	COMPLIED	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.	COMPLIED	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.	COMPLIED	Key programmes are identified by the Group CEO for each year in line with the Annual Plan after they are discussed at Executive Committee meetings. A review of progress on plan implementation is a key item on the agenda of the monthly Management Review meetings.
	Ensuring the adoption of an effective CEO and Senior Management succession strategy.	COMPLIED	Succession planning is given due recognition in the corporate culture. Effective succession planning is a criterion in the performance appraisals of the Senior Management and Key Management.
	Approving budgets and major capital expenditure.	COMPLIED	Budgets and major capital expenditure are reviewed and approved by the Board.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
	Determining the matters expressively reserved to the Board and those delegated to the Management including limits of authority and financial delegation.	COMPLIED	The Board has agreed and reserved power to determine matters including approving of major capital expenditure, appointing the secretary to the Board and seeking professional advice as and when needed.
	Ensure effective systems to secure integrity of information, internal control and risk management.	COMPLIED	The Audit Committee is empowered to review and monitor the financial reporting process of Company, so as to provide additional assurance on the reliability of Financial Statements through a process of independent and objective review The Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities on ensuring the quality of financial reporting and related communication to the shareholders and the public.
	Ensuring compliance with laws, regulations and ethical standards.	COMPLIED	The Board follows a policy of strict compliance with laws and regulatory requirements and ensures that stakeholder interests are considered in key corporate direction. A compliance checklist is provided to Audit Committee and Board members in every quarter by the Compliance Officer indicating compliance with applicable laws, regulations etc.
	All stakeholders' interests are considered in corporate decisions.	COMPLIED	The Board considers the views on all stakeholders when making decisions.
	Recognising sustainable business development in corporate strategy, decisions and activities and consider the need for adopting "integrated reporting".	COMPLIED	The company adopts "integrated Reporting" in the annual Report.
	The Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.	COMPLIED	The Board of Directors are responsible for the preparation of financial statements of the Company whilst the Audit Committee ensures the compliance with the financial regulations of those financial statements. Please refer CEO & CFO statement on page 16 for detailed information on this objective.
	Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks.	COMPLIED	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.	COMPLIED	The Company issues and uploads quarterly and annual financial statements together with the relevant disclosures in the CSE website.
	Fulfilling such other Board functions as relevant to the Organisation.	COMPLIED	The Board makes every endeavour to ensure a balanced and objective assessment of the Company's position, performance and prospects.
A 1.3	The Board collectively, and Directors individually, must act in accordance with the laws of the Country and obtain independent professional advice where necessary.	COMPLIED	The Board acted in accordance with the law of the country and whenever necessary get advice from the external consultant.

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

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.3	Chairman's Role Main Principle **The Chairman's role in preserving good corporate governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.**		
A.3.1	• The chairman should conduct Board proceeding in a proper manner and ensure, inter-alia, that: • The agenda for board meetings is developed in consultation with the CEO, Directors and the company Secretary • Sufficiently detailed information of matters included in the agenda should be provided to directors in a timely manner • All directors are made aware of their duties and responsibilities • The effective participation of both Executive and Non-Executive Directors is secured • All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings • A balance between Executive and Non- Executive Directors is maintained • The views of Directors on issues under consideration are ascertained and a record of such deliberations reflected in the minutes • The board is in complete control of the company's affairs and alert to its obligations to all shareholders and other stakeholders	COMPLIED	The Chairman of the Company follow all of the responsibilities and duties as listed
A.4	**Financial Acumen** Main Principle **The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.**		
	The Board should ensure the availability within it, of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	COMPLIED	Members of the Board possess the necessary financial knowledge to understand and provide guidance on financial matters of the Company. Please refer profile of board of directors on pages 19 to 21 and 75.
A.5	Board Balance Main Principle **Balance of Executive and Non-Executive Directors**		
A.5.1	The Board should include at least three Non-Executive Directors or such number of Non-Executive Directors equivalent to one third of total number of Directors, whichever is higher. In the event the Chairman and CEO is the same person, or if the Chairman is not an independent director, Non- Executive Directors should comprise a majority of the Board.	COMPLIED	Refer pages 75 and 119.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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'.	COMPLIED	Refer pages 75 and 119 .
A.5.3	For a director to be deemed Independent such director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.	COMPLIED	The Company maintain the 'interest register' required by the companies Act No. 07 of 2007.
A.5.4	Non-Executive Director should submit a signed and dated declaration annually of his/her independence or non-independence.	COMPLIED	Each Non-Executive Director submits an annual declaration of his independence.
A.5.5	Board should make a determination annually as to the independence or non-independence of each Non- Executive Director and disclosure in the Annual Report.	COMPLIED	The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence, as a fair representation and will continue to evaluate their independence on this basis annually.
A.5.6	Appointment of Alternate Director by a Non-Executive Director and appointment of an Alternate Director by an Independent Director should satisfy similar criteria.	COMPLIED	Independent Non-Executive Directors have not appointed alternate directors. Alternative Director to the Executive Director is Executives of the parent Company. However, board balance is not affected since the Board complies with Code A.5.2
A.5.7	In the event the Chairman and CEO is the same person, or the Chairman is not an independent Director or the Chairman is the immediately preceding CEO, the Board should appoint one of the independent Non-Executive Directors to be the Senior Independent Director (SID) and disclose this appointment in the Annual Report.	COMPLIED	Not applicable since Group CEO is the apex Executive in charge of the day-to-day management of operations and business of the Company.
A.5.8	The Senior independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board Senior Independent Director should participate in all meetings with majority, significant, and minority shareholders and be made aware of their concerns by the company secretary.	NOT APPLICABLE	Not Applicable.
A.5.9	The Chairman should hold meetings with the Non- Executive Directors as necessary and at least once each year.	COMPLIED	The Chairman presides over several Board Sub-Committees consisting of Non-Executive Directors. In addition, the Chairman holds meetings with Non-Executive Directors as and when necessary.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.5.10	Where Directors have concerns about the matters of the company which cannot be unanimously resolved should be recorded in the Board Minutes.	COMPLIED	All proceedings at Board meetings are recorded by the Company Secretary.
A.6	**Supply of Information** Main Principle The Board should be provided with timely information.		
A.6.1	Management has an obligation to provide the Board with appropriate and timely information and Directors should make further inquiries where necessary. The Chairman should ensure all Directors are properly briefed on issues arising at Board meetings.	COMPLIED	The management provides every quarterly financial and non financial information to the board and to all other sub committees.
A.6.2	The agenda and papers required for Board meetings should be provided to Directors at least seven (7) days before the meeting. The minutes of the meeting should ordinarily be provided to Directors at least two weeks after the meeting date.	COMPLIED	The agenda and other all relevant documents required for the board meeting and sub committee meetings are circulated no less than seven (7) days before the meetings.
A.7	**Appointments to the Board** Main Principle There should be a formal and transparent procedure for the appointment of new Directors to the Board.		
A.7.1	A Nomination Committee should be established to make recommendations to the board on all new Board appointments. The Chairman and members of the Nomination Committee should be identified in the Annual Report. A separate section of the Annual Report should describe the work of the Nomination Committee including the process it has used in relation to Board appointments.	COMPLIED	Please refer Nomination Committee report on page 114.
A.7.2	The Nomination Committee should annually assess Board-composition.	COMPLIED	Board as a whole annually assessed the composition of the Board to ensure that the combined knowledge and experience of the Board matches the strategic demand facing the Company. The findings of such assessments are taken into account when new Board appointments are considered.
A.7.3	Appointment of a new Director to the Board, the company should be forthwith disclosed to shareholders.	COMPLIED	All new appointments have been disclosed in the Colombo Stock Exchange.

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

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.10	**Disclosure of Information in respect of Directors** Main Principle Shareholders should be kept advised of relevant details in respect of Directors.		
A.10.1	The Annual Report of the Company should set out the following information in relation to each Director: • Name, qualifications and brief profile; • The nature of his/her expertise in relevant functional areas; • Whether Executive, Non-Executive and/or Independent Director Names of listed companies in Sri Lanka in which the Director concerned serves as a Director; • Names of listed companies in Sri Lanka in which the Director serves as a Director; • Names of other companies in which the Director serves as a Director; • The total number of Board seats held by each Director indicating listed and unlisted Companies and whether in an executive or non-executive capacity; • Names of Board Committees in which the Director serves as Chairman or a member; • Number/percentage of Board meetings of the Company attended during the year; • Number/percentage of committee meetings attended during the year • Immediate family and/or material business relationships with other Directors of the Company;	COMPLIED	Refer Board of Directors on pages 19 to 21. Refer page 76. Not Applicable
A.11	**Appraisal of Chief Executive Officer (CEO)/MD** Main Principle The Board should be required, at least annually, to assess the performance of the Group CEO.		
A.11.1	At the commencement of every fiscal year, the Board in consultation with the CEO, should set, in line with the short, medium and long-term objectives of the Company, reasonable financial and non-financial targets that should be met by the Group CEO during the year.	COMPLIED	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.	COMPLIED	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.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
B	**Directors' Remuneration**		
B.1	**Remuneration Procedure** Main Principle Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.		
B.1.1	To avoid potential conflicts of interest, the board should set up a Remuneration Committee to make recommendations to the board,within agreed terms of reference, on the Company's framework of remunerating Executive Directors.	COMPLIED	The scope of the Committee is to consider and recommend to the Board remuneration and perquisites of the Chairman, Group CEO, Independent Directors, Executive Directors of the Board of the Company including Key Managers and approve recommendations made by the Group Chief Executive Officer
B.1.2	Remuneration Committees should consist exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be Independent. The Chairman should be an independent Non-Executive Director and should be appointed by the Board.	COMPLIED	Refer Remuneration Committees report on page 113.
B.1.3	The Chairman and Members of the Remuneration Committee should be listed in the Annual Report each year.	COMPLIED	Refer Remuneration Committees report page 113.
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.	COMPLIED	After consideration of the recommendation made by the Group Chief Executive Officer and the ultimate Parent Company, the Committee as a whole decides the remuneration of the Non-Executive Directors. The Non-Executive Directors receive a consolidated fee for being a Director of the Board and either chairing or being a member of a Board Sub-committee. They do not receive any performance/incentive payments.
B.1.5	The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors and have access to professional advice from within and outside the Company, in discharging their responsibilities.	COMPLIED	The Committee has the authority to seek internal and external independent professional advice on matters falling within its purview, at the Company's expense. Views of the Chairman and Group CEO are obtained as they too assist and participate in its analysis and deliberations to the said Board Subcommittee.
B.2	**The Level and Make-up of Remuneration** Main Principle Levels of remuneration should be sufficient to attract Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be linked to corporate and individual performance.		
B.2.1	The Remuneration Committee should provide the packages needed to attract and retain Executive Directors of the quality required but should avoid paying more than is necessary for this purpose.	COMPLIED	The Board Remuneration Committee and also the Board ensure that Executive Director – Group CEO, Executive Directors who are on the Board and Key Management are provided with an attractive remuneration package.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
B.2.2	Executive Directors' remuneration should be designed to promote the long-term success of the Company.	COMPLIED	Executive Directors' and Key Management's remuneration is designed to promote the long-term success of the Company.
B.2.3	The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies.	COMPLIED	A primary objective of compensation packages is to attract and retain a highly qualified and experienced workforce and reward performances.
B.2.4	The Remuneration Committee should be sensitive to remuneration and employment conditions elsewhere in the Company or Group of which it is a part, specially when determining annual salary increases.	COMPLIED	Remuneration and annual salary increases are decided considering industry practices, performance of the Company, each employee's level of experience and contribution bearing in mind the business performance and the long term shareholder returns.
B.2.5	The performance-related elements of remuneration of Executive Directors should be designed and tailored to align their interests with those of the Company and main stakeholders and to give these Directors appropriate incentives to perform at the highest levels. The performance-related elements should be transparent, stretching and rigorously applied.	COMPLIED	Objectives for Group CEO, Executive Directors and Key Management are set at the beginning of the year and the remuneration including the performance bonus is decided based upon the degree of achievement of such pre-set targets subject to the remuneration policy.
B.2.6	Executive share options should not be offered at a discount (i.e., less than market price prevailing at the time the exercise price is determined), save as permitted by the Listing Rules of the Colombo Stock Exchange. Shares granted under share options schemes should not be exercisable in less than three years and the Remuneration Committee should consider requiring Directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise.	COMPLIED	Presently the Company does not have an Executive Share Option Scheme.
B.2.7	In designing schemes of performance-related remuneration, Remuneration committees should follow the provisions set out in Schedule E. The schemes should include provisions that would enable the company to recover sums paid or withhold a portion of such performance-related remuneration and specify the circumstances in which a company may not be entitled to do so.	COMPLIED	Refer page 113.
B.2.8	Remuneration committees should consider what compensation commitments (including pension contributions) their Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committees should in particular, consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.	COMPLIED	Not applicable to the Board except for Group CEO and other Executive Directors (Alternate Directors to the Executive Directors) who are employees of the Company, and their terms of employment are governed by the contract of service/employment.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
B.2.9	Where the initial contract does not explicitly provide for compensation legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.	NOT APPLICABLE	Not applicable.
B.2.10	Levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of their role, taking into consideration market practices. Remuneration for Non-Executive Directors should not normally include share options. If exceptionally options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the Non-Executive Director leaves the Board. Holding share options could be relevant to the determination of a Non- Executive Director independence. (as set out in provision A.5.5).	COMPLIED	Non-Executive Directors of the Company are paid nominal fees commensurate with their time and role in the Company and taking into consideration market practices. Non-Executive Directors are not included in share options as there is no scheme in existence.
B.3	**Disclosure of Remuneration** Main Principle The Annual Report should contain a Statement of Remuneration Policy and details of remuneration of the Board as a whole.		
B.3.1	The Annual Report should set out the names of Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Remuneration Committee, contain a statement of remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	COMPLIED	Please refer the Remuneration Committee Report on page 113. Remuneration paid to the Board of Directors is disclosed in Note 9 in the Financial Statements on page 158.
C **C.1**	**Relations With Shareholders** **Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings** Main Principle Boards should use the AGM to communicate with shareholders and should encourage their participation.		
C.1.1	Companies should arrange for the Notice of AGM and related papers to be sent to shareholders at least as determined by statute, before the meeting.	COMPLIED	A copy of the Annual Report including Financial Statements, Notice of Meeting and the Form of the Proxy are sent to shareholders 15 working days prior to the date of the AGM, as requested by statute, in order to provide the opportunity to all the shareholders to attend the AGM.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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.	COMPLIED	Company proposes a separate resolution at the AGM on each substantially separate issue. Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.
C.1.3	The Company should ensure that all valid proxy appointments are properly recorded and counted. For each resolution, where a vote has been taken on a show of hands, the Company should ensure that the following information is given at the meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the Company, the number of shares in respect of which proxy appointments have been validly made; the number of votes for the resolution; the number of votes against the resolution; and the number of shares in respect of which the vote was directed to be withheld. When, in the opinion of the board, a significant proportion of votes have been cast against a resolution at any general meeting, the Board should take steps to understand the reasons behind the vote results and determine if any actions are required.	COMPLIED	The Company ensures that all valid proxy appointments received for general meetings are properly recorded and counted.
C.1.4	The Chairman of the Board should arrange for the Chairmen of the Audit, Remuneration, Nomination and Related Parties Transactions Review Committees and the Senior Independent Director where such appointment has been made, to be available to answer questions at the AGM if so requested by the Chairman.	COMPLIED	The Chairman of the Company ensures that Chairmen of all Board Subcommittees namely, Audit, Remuneration, Nomination and Related Party Transactions Review Committee are present at the AGM to answer the questions under their purview.
C.1.5	Companies should circulate with every Notice of General Meeting, a summary of the procedures governing voting at General Meetings.	COMPLIED	A summary of the procedures governing voting at General Meeting is circulated to shareholders with every Notice of General Meeting.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
C.2	**Communication with Shareholders** Main Principle The Board should implement effective communication with shareholders.		
C.2.1	There should be a channel to reach all shareholders of the Company in order to disseminate timely information.	COMPLIED	The primary modes of communication between Company and the shareholders are the Annual Report and AGM. Information is provided to the shareholders prior to the AGM to give them an opportunity to exercise the prerogative to raise any issues relating to the business of Company, either verbally or in writing prior to the AGM. The Company used the following channels to disseminate timely information; • Shareholders meetings • Financial and other notices as and when required through the • Colombo Stock Exchange • Press notices
C.2.2	The Company should disclose the policy and methodology for communication with shareholders.	COMPLIED	The Company will focus on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. The Company will ensure information is communicated accurately and in such a way as to avoid the creation or continuation of a false market.
C.2.3	The Company should disclose how they implement the above policy and methodology is implemented.	COMPLIED	Soft copy (upon request Printed copies) of Annual Report are provided to all shareholders without charge.
C.2.4	The Company should disclose the contact person for such communication.	COMPLIED	Refer to Page inner back cover in Inquiries by Shareholders for more information.
C.2.5	The Company should have a process to make all Directors aware of major issues and concerns of shareholders and this process should be disclosed by the Company.	COMPLIED	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.	COMPLIED	Company secretary or Factory Controller can be contacted in relation to shareholders' matters.
C.2.7	The process for responding to shareholder matters should be formulated by the board and disclosed.	COMPLIED	Company secretary is assigned to respond to shareholders by the Board and update the board an such matters.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
C.3	Major and Material Transactions Main Principle **Further to compliance with the requirements under the Companies Act, Directors should disclose to shareholders all proposed corporate transactions, which if entered into, would materially alter/vary the Company's net assets base or in the case of a Company with subsidiaries, the consolidated Group net asset base.**		
C.3.1	Prior to a company engaging in or committing to a Major Transaction, with a related party, or other involving the acquisition, sale or disposition of greater than one third value of the Company's assets or that of a subsidiary which has a material bearing on the Company and for consolidated net assets of the Company, or a transaction which has or is likely to have the effect of the Company acquiring obligations and liabilities, of greater than one third of the value of the company's assets, the Directors should disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders' approval by ordinary resolution at an EGM. It also applies to transactions or series of related transactions which have the purpose or effect of substantially altering nature of the business carried on by the Company.	COMPLIED	During the year, there were no major transactions as defined by Section 185 of the Company's Act No. 07 of 2007 which materially affect the Net Assets Base of the Company or Consolidated Group Net Asset Base. In addition, with the CSE Listing Rule on Related Party Transactions came into effect from 2016, all proposed non-recurrent related party transactions disclosed to the CSE.
C.3.2	The company should comply with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulation of the Securities Exchange Commission (SEC) and by the Colombo Stock Exchange (CSE).	COMPLIED	The Company's policy on shareholder communications addresses the need to disclose major and material transactions to shareholders as required by the rules and regulations of the SEC and the CSE.
D **D.1**	**Accountability and Audit** **Financial and Business Reporting** Main Principle **The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.**		
D.1.1	The Board should present an annual report including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained.	COMPLIED	The Annual Report presents a fair and balanced view of the Company's financial position, performance and prospects combining narrative and visual elements to facilitate readability and comprehension. All statutory requirements have been complied within the Annual Report and the interim financial have been reviewed and approved by the Board Audit Committee, prior to publication.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.1.2	The Board's responsibility to present a balanced assessment extends to interim and other price-sensitive public reports and reports to regulators as well as the information required to be presented by statutory requirements	COMPLIED	The Board is well aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on pages 123 to 124 confirming this position. The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Quarterly and Annual Financial Statements which are prepared and presented in conformity with Sri Lanka Accounting Standards. Further, Company has complied with the reporting requirements prescribed by the regulatory authority such as the Colombo Stock Exchange. Refer 365 Days Results on page 117 to find the dates on which the Annual and Interim Financial Statements were uploaded to the CSE website/ dispatched to the shareholders in the year under review.
D.1.3	The Board should, before it approves the Company's financial statements for a financial period, obtain from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.	COMPLIED	Please refer to CEO and Chief Financial Officer's Responsibility Statement on page 125.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.1.4	The Directors' Report, which forms part of the Annual Report, should contain declarations by the Directors to the effect that: • the Company has not engaged in any activity which contravenes laws and regulations; • the Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested; • the Company has made all endeavors to ensure the equitable treatment of shareholders; • the Directors have complied with best practices of corporate governance • Property. Plant and equipment is reflected at fair value, where it is different from fair value adequate disclosures are made • the business is a going concern, with supporting assumptions or qualifications as necessary; and • they have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if it is unable to make any of these declarations, to explain why it is unable to do so.	COMPLIED	The Annual Report of the Board of Directors on the Affairs of the Company given on pages 118 to 122 covers all of these sections.
D.1.5	The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of Financial Statements, together with a statement by the Auditors about their reporting responsibilities. Further the Annual Report should contain a report/ statement on internal control.	COMPLIED	The "Statement of Directors' Responsibility" is given on page 133. The "Independent Auditor's Report" on pages 127 to 129 states the Auditor's responsibility. The Statement on Internal Control is given on pages 123 to 124.
D.1.6	The Annual Report should contain a "Integrated Performance Review", discussing, among other issues, business model, industry structure and developments, opportunities and threats, risk management, internal control systems and their adequacy, governance, stakeholder relationships, social and environmental protection activities carried out by the Company, financial performance, investment in physical and intellectual capital, human resource/industrial relations activities carried out by the company and prospects for the future. The Integrated Performance Review may be structured based on the integrated reporting framework issued by International Integrated Reporting Council and "a preparer's guide to integrated Corporate Reporting" issued by CA Sri Lanka.	COMPLIED	Refer Chairman's Statement on pages 14 to 15. Group Chief Executive Officer's Review on pages 16 to 18. Review of Operation on pages 33 to 36.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.1.7	In the event the net assets of the Company falling below 50% of the value of the Company's shareholders' funds, the Directors shall forthwith summon an Extraordinary General Meeting of the Company to notify shareholders of the position and of remedial action being taken. The Directors should report periodically to the shareholders progress on these remedial actions.	COMPLIED	Likelihood of such occurrence is remote.
D.1.8	The Board should adequately and accurately disclose the Related Party Transactions in its Annual Report, • Each related party to submit signed and dated quarterly declarations mentioning whether they have related party transactions with the Company as defined in this Code, • The Company Secretary keeps a record on related party transactions and make necessary disclosures accordingly, • There should be a process to capture related parties and related party transactions. This process needs to be operationalised and related party transactions should be properly documented, • A record/register either in hard or soft form on related party and related party transaction should be maintained by the Company, • This record should ensure that the company captures information to comply with the respective related party disclosure requirements imposed by SEC/Accounting Standards/ Auditing Standards and similar regulations.	COMPLIED	Each related party has submitted signed and dated declarations mentioning whether they had related party transactions with the company during the period ended 31st March 2022. Related Party Transactions Review Committee reviewed related party transaction which is described in this Annual Report in pages 198 to 203. Related parties and related party transactions are captured and documented by the Company & the Subsidiary.
D.2	**Risk Management and Internal Control** Main Principle **The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, risk management and internal control is a process, effected by a company's Board of Directors and Management, designed to provide reasonable assurance regarding the achievement of Company's objectives.**		
D.2.1	The Board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness, and report on that review in the Annual Report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.	COMPLIED	The Board is responsible for establishing sound framework of risk management and internal controls and monitoring its effectiveness on a continuous basis. The Company employs personnel across different levels of operations to apply these internal controls, while the Internal Audit Department periodically reviews the effectiveness of such controls. The Company has its own internal audit processes, implemented to ensure that effective controls are in place. These processes extend across all Company operations. The internal audit function is headed by the Head of Risk Management, who reports to the Board Audit Committee and Group CEO.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.2.2	The Directors should confirm in the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Directors should describe those risks and explain how they are being managed or mitigated.	COMPLIED	Refer pages 123 to 124.
D.2.3	Companies should have an internal audit function.	COMPLIED	Risk Management and Internal Audit is responsible for internal audit functions.
D.2.4	The Board should require the Audit Committee to carry out reviews of the process and effectiveness of risk management and internal controls, and to document to the Board and Board takes the responsibility for the disclosures on risk management and internal controls.	COMPLIED	The Audit Committee monitors, reviews and evaluates the effectiveness of the risk management & internal control system including the internal controls over financial reporting.
D.2.5	Responsibility of Directors in maintaining a sound system of internal controls & the content of statement of controls.	COMPLIED	Refer pages 123 to 124.
D.3	**Audit Committee** Main Principle **The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies, financial reporting, determine the structure and content of corporate reporting, implement internal control and risk management principles and for maintaining an appropriate relationship with the Company's Auditors.**		
D.3.1	The Board should establish an Audit Committee exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom at least two should be independent. If there are more Non-Executive Directors. The majority should be independent. The committee should be chaired by an Independent Non-Executive Director. The Board should satisfy itself that at least one member of the Audit Committee has recent and relevant experience in financial reporting and control.	COMPLIED	"All members of the Board Audit Committee are Independent Non-Executive Directors." Refer the pages 111 to 112.
D.3.2	The Audit Committee should have a written Terms of Reference, dealing clearly with its authority and duties.	COMPLIED	Terms of Reference of the Board Audit Committee is clearly defined in the Audit Committee approved by the Board of Directors. This clearly explains the purpose of the Committee, its duties and responsibilities together with the scope and functions of the Committee. The Committee mainly deals with the matters pertaining to statutory and regulatory compliance in financial reporting, matters with regard to the External Auditors, internal audit and risk management procedures of the Company. As stated in the Report of the Audit Committee of the Company it regularly reviews scope, results and effectiveness of the Audit. Please refer the pages 111 to 112.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.3.3	A separate section of the Annual Report should describe the work of the Committee in discharging its responsibilities.	COMPLIED	Please refer to the Audit Committee Report on pages 111 to 112. Disclosure on the independence of the Auditors is found on pages 127 to 129 in the Annual Report of the Board of Directors on the Affairs of the Company on pages 118 to 122.
D.4	Related Party Transactions Review Committee Main Principle **Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.**		
D.4.1	A related party and related party transactions will be as defined in LKAS 24.	COMPLIED	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.	COMPLIED	The Committee comprises two Independent Non-Executive Directors and one Executive Director The Committee is chaired by an Independent Non-Executive Director.
D.4.3	RPT Review Committee should have written terms of reference dealing clearly with its authority and duties which should be approved by the Board.	COMPLIED	Please refer to the Related Party Transactions Review Committee Report on pages 115 to 116.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.5	**Code of Business Conduct & Ethics** Main Principle **Companies must adopt a Code of Business Conduct & Ethics for Directors, Key Management Personnel & and all other employees.**		
D.5.1	All companies must disclose whether they have a Code of Business Conduct and Ethics for directors and key management personnel and if they have such a code, make an affirmative declaration in the Annual Report that all Directors and Key Management Personnel have declared compliance with such code, and if unable to make that declaration, state why they are unable to do so. Each company may determine its own policies in the formulation of such a code, but all companies should address the following important topics in their respective codes: • Conflict of interest; • Bribery and corruption; • Entertainment and gift; • Accurate accounting and record keeping; • Fair and transparent procurement practices; • Corporate opportunities; • Confidentiality; • Protection and proper use of company assets including information assets; • Compliance with laws, rules and regulations (including insider trading laws); and • Encouraging the reporting of any illegal, fraudulent or unethical behaviour.	COMPLIED	Company has an internally Developed Code of Conduct. All employees including Directors, Key Managers and Senior Managers are bound by the Company's written Code of Ethics. The Company has implemented a formal whistle-blowing procedure and encourages any employee who suspects wrong doing at work, whether by Management, peers or any other employee, to raise their concerns.
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.	COMPLIED	The Company has a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.
D.5.3	The Company should establish a policy, process for monitoring and disclosure of shares purchased by any Director, Key Management Personnel or any other employee involved in financial reporting.	COMPLIED	The policy in place and any share transaction done by Board Director need to be immediately disclosed to the Company Secretary and Company Secretary will inform such transactions to the Colombo stock Exchange. Refer to Investor Information on page 205.
D.6	**Corporate Governance Disclosures** Main Principle **Directors should be required to disclose the extent to which the Company adheres to established principles and practices of good Corporate Governance.**		
D.6.1	The Directors should include in the Company's Annual Report, a Corporate Governance Report setting out the manner and extent to which the Company has complied with the principles and provisions of this Code.	COMPLIED	This Report from pages 74 to 110 sets out the manner and extent to which Regnis (Lanka) PLC has complied with the principles and provisions of the Code.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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.		
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.	COMPLIED	In order to avoid conflict of interest by nurturing the mutual understanding, the Board carries out dialogues with its shareholders at General Meetings. Please refer to Stakeholder Dynamics section in page 28 to 29.
E.2	**Evaluation of Governance Disclosures**		
E.2.1	When evaluating Companies' governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	COMPLIED	The Institutional Investors are at liberty to give due weight to matters relating to the Board structure and composition, when they consider resolutions relating to Board structure and composition.
F	**Other Investors**		
F.1	Investing/ Divesting Decision		
	Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	COMPLIED	The information disseminated by the Company is adequate for individual shareholders to undertake an analysis of the Company and/or seek independent investment advice regarding the prospects of the Company.
F.2	**Shareholder Voting**		
	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	COMPLIED	Individual shareholders are encouraged to participate in General Meeting of the Company and exercise their voting rights.
G	**Internet of Things and Cyber Security**		
G.1	The Board should have a process to identify how in the organisation's business model, IT devices within and outside the organisation can connect to the organisation's network to send and receive information and the consequent cyber security risks that may affect the business. Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the Company's network to send and receive data. Such access could be authorised or unauthorised.	COMPLIED	The board assigned this responsibility to the Information Technology Division and Director – IT is mainly assigned to complete this task. IT policy and Cyber security policies have been developed and needs to be presented to the Board for approvals.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
G.2	The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a cyber security risk management policy which should be approved by the Board. The policy should include a robust cyber security risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting and the need for cyber security insurance.	COMPLIED	Director IT is appointed as a Chief Information Security Officer. IT policy and cyber security policy has been developed.
G.3	The Board should allocate regular and adequate time on the Board meeting agenda for discussions about cyber-risk management: The matters taken up for the discussion on the board meeting agenda may include; Potential cyber security risks in the Company's business model. CISO's security strategy and status of the current projects. Compliance with the cyber security risk management process and incident report. Findings and recommendations from independent reviewers.	COMPLIED	This is a regular agenda item of the risk management discussion of the Board and have given due attention.
G.4	The Board should ensure the effectiveness of the cyber security risk management through independent periodic review and assurance. The scope and the frequency of the independent periodic reviews could be determined based on the industry vulnerability, company's business model and incident findings.	COMPLIED	Security assessment has been carried out and corrective actions are taken.
G.5	The Board should disclose in the annual report, the process to identify and manage cyber security risks.	COMPLIED	IT Risk assessments are carried out according to ISO 27001:2013 and ISO 31000:2018 standards, at least annually to identify the risks on the IT environment of SSLP. Identified risks will be evaluated and proper measures are taken by the SSLP IT team to mitigate or minimise the threats. The Board of Directors shall be updated regarding the controls in place to mitigate cyber risks, and on possible cyber risks that the company is exposed to.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
H	**Environment, Society and Governance (ESG)** Main Principle Company's annual report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, managed, measured and reported.		
H.1.1	Companies should provide information in relation to: The relevance of environmental, social and governance factors to their business models and strategy. How ESG issues may affect their business. How risks and opportunities pertaining to ESG are recognised managed, measured and reported.	COMPLIED	Risk Management on pages 37 to 40. Refer pages 41 to 72, 78 to 80.
H.1.2	Environmental Factors		
H.1.2.1	Environmental governance of an organisation should adopt an integrated approach that takes into consideration the direct and indirect economic. Social, health, and health and environmental implications of their decisions and activities, including: pollution prevention sustainable resource use (e.g: water, energy) climate change protection of environment bio-diversity restoration of natural resources	COMPLIED	Refer pages 66 to 72, 78 to 80.
H.1.3	Social Factors		
H.1.3.1	Social governance of an organisation should include its relationship with the community, customers, employees, suppliers, outsourced providers and any other party that can influence or be influenced by the organisation's business model.	COMPLIED	Refer pages 62 to 65
H.1.4	Governance		
H.1.4.1	Companies should establish a governance structure to support its ability to create value and manage risks in the short, medium and long-term, recognising managing and reporting on all pertinent aspects of ESG.	COMPLIED	Risk Management on pages 37 to 40. Refer pages 78 to 80.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
H.1.5	Board's role on ESG Factors		
H.1.5.1	ESG reporting is a Board's responsibility and it is designed to add value by providing a credible account of the Company's economic, social and environmental impact. ESG reporting and disclosure should be formalised as part of the Company's reporting process and take place on a regular basis. ESG reporting should link sustainable issues more closely with strategy. ESG reporting may be built on a number of different guidelines, such as, Integrated Reporting Framework The Global Reporting Initiative Guidelines	COMPLIED	The company follows ESG reporting and is disclosed in line with Global Reporting Initiatives (GRI) guidelines version G4 in this annual report and described from pages 209 to 213.

AUDIT COMMITTEE REPORT

The fundamental role of the Audit Committee is to assist the board in effecting its oversight responsibilities in the areas of internal and external audit, internal financial controls and additional assurance on financial reporting.

Dilip Kumar de Silva Wijeyeratne
Chairman - Audit Committee

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

PREAMBLE

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

COMPOSITION OF THE COMMITTEE AND ATTENDANCE

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

Name	Directorship Status	Attended
Mr. D K de S Wijeyeratne (Chairman)	Independent-Non Executive Director	4/4
Mr. D Sooriyaarachchi	Independent-Non Executive Director	3/4
Mr. M H Jamaldeen	Independent-Non Executive Director	4/4

SECRETARY TO THE COMMITTEE

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

ATTENDEES BY INVITATION

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

ACTIVITIES IN 2021/22

1. Meetings of the Committee

During the reporting period, four Audit Committee meetings were held to discuss the Reports of the Internal and External Auditors and Interim Financial Statements. The Financial Statements for the 12 months period ended 31st March 2022 were also discussed at the meeting held on 12th May 2022. The minutes of the meetings were tabled at the meetings of the Board of Directors for information and necessary action.

2. Financial Reporting

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

3. Internal Audit Risk and Control

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

4. External Audit

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

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

AUDIT COMMITTEE REPORT

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

5. Sri Lanka Accounting Standards

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

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

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

6. Cyber security Reviews

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

COMPLIANCE WITH RULES AND REGULATIONS

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

INDEPENDENCE OF THE EXTERNAL AUDITORS

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

CORPORATE GOVERNANCE

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

RE APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee recommended to the Board of Directors that Messrs KPMG, Chartered Accountants be reappointed as the External Auditors for the financial year 2022/23, subject to the approval of the shareholders at the Annual General Meeting (AGM) and the required resolution will be put to the shareholders at the AGM.

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

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

12th May, 2022

REMUNERATION COMMITTEE REPORT

Aligning remuneration with performance, and making continued progress towards ensuring a high performing culture in line with the Company's strategic priorities.

Mohamed Hisham Jamaldeen
Chairman - Remuneration Committee

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

PREAMBLE

The Remuneration Committee of the parent Company Singer (Sri Lanka) PLC functions as the Committee to the Company and consists of three independent Non- Executive Directors.

COMPOSITION OF THE COMMITTEE AND ATTENDANCE

Name	Directorship Status	Attended
Mr. M H Jamaldeen (Chairman)	Independent-Non Executive Director	-
Mr. D Sooriyaarachchi	Independent-Non Executive Director	1/1
Mr. D K de S Wijeyeratne	Independent-Non Executive Director	1/1

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

SECRETARY TO THE COMMITTEE

Mr. Ramesh Chitrasiri, the Finance Director functions as the Secretary to the Committee.

RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

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

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

REMUNERATION POLICY

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

MEETINGS OF THE COMMITTEE

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

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

(Sgd.)
Mohamed Hisham Jamaldeen
Chairman - Remuneration Committee
Colombo

13th May, 2022

NOMINATION COMMITTEE REPORT

Assessing whether the balance of skills, experience, knowledge and independence is appropriate to enable the Board to operate effectively.

Mohan Pandithage
Chairman - Nomination Committee

Fellow of the Chartered Institute of Logistics and Transport (UK). Serves as 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 (CASA).

Leadership Excellence Recognition by the Institute of Chartered Accountants of Sri Lanka. Recipient of the 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers. Honoured with a Lifetime Achievement Award by Seatrade - Sri Lanka Ports, Trade and Logistics (SLPTL) and the first-ever Sri Lanka Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport (CILT).

PREAMBLE

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

COMPOSITION OF THE COMMITTEE

Name	Directorship Status
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.

APPOINTMENTS TO THE BOARD

Mr. K.T.R. Chitrasiri appointed to the Regnis Board as Alternate Director to Mr. S.C. Ganegoda and Mr. Shanil Perera appointed to the Board as Alternate Director to Mr. Mahesh Wijewardene with effect from 20th April 2022.

Mr. Thulitha Mendis and Mr. Vajira Tennakoon appointed to the Board of Regnis Appliances (Pvt) Limited with effect from 20th April 2022.

RE-ELECTION OF DIRECTORS AT THE ANNUAL GENERAL MEETING

In terms of Article 24 (4) of the Articles of Association of the Company, Messrs. D.K. De Silva Wijeyeratne and K.D. Kospelawatta retire by rotation and being eligible offer themselves for re-election and the shareholders will be requested to re-elect them at the forthcoming Annual General Meeting.

RE-APPOINTMENT OF A DIRECTOR UNDER SECTION 211 OF THE COMPANIES ACT NO. 07 OF 2007

The Nomination Committee has recommended that Mr. A.M. Pandithage be re-appointed to the Board subject to the shareholders' approval at the forthcoming Annual General Meeting in pursuant to Section 211 of the Companies Act No. 07 of 2007 notwithstanding the age limit of seventy years stipulated by Section 210 of the Companies Act.

The above recommendation was approved by the Board.

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

(Sgd.)
Mohan Pandithage
Chairman - Nomination Committee
Colombo

13th May, 2022

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Managing relationships with related parties to uphold good governance and the best interests of the Company.

Deepal Sooriyaarachchi
Chairman - Related Party Transactions Review Committee

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.

PREAMBLE

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

Parent Company's Related Party Transactions Review Committee (RPTRC) functions as the RPTR Committee to the Regnis (Lanka) PLC which comprise of Independent Non-Executive Directors, and one Executive Director and is chaired by an Independent Non-Executive Director.

COMPOSITION OF THE COMMITTEE AND ATTENDANCE

Name	Directorship Status	Attended
Mr. D Sooriyaarachchi (Chairman)	Independent Non-Executive Director	3/4
Mr. D K de S Wijeyeratne	Independent Non-Executive Director	4/4
Mr. M H Wijewardene	Executive Director	4/4

Mr. D.T.R. De Silva – Independent Non-Executive Director of Singer Finance (Lanka) PLC – participated two meetings by invitation representing Singer Finance (Lanka) PLC until Singer Finance (Lanka) PLC formed their own Related Party Transactions Review Committee.

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

SECRETARY TO THE COMMITTEE

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

RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

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

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

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

POLICIES AND PROCEDURES ADOPTED BY THE RPTRC FOR REVIEWING RELATED PARTY TRANSACTIONS (RPTS)

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

TASK OF THE COMMITTEE

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

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

REPORTING TO THE BOARD

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

RELATED PARTY TRANSACTIONS/ DISCLOSURES DURING THE YEAR

A detailed disclosure of all the related party transactions including Recurrent and Non Recurrent related party transactions which are required to be disclosed under section 9.3.2 of the listing rules of the Colombo Stock Exchange has been made in Note 37.2.1 to the financial statements given in page 199 to this report.

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

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

13th May, 2022

365 Days Results

Financial Calendar 2021/22

Annual General Meeting (AGM) Calendar

	2021/22	2020/21
Annual report and accounts approved	13 May 2022	17 May 2021
Annual general meeting held/to be held	29 June 2022	28 June 2021

Interim Financial Statements

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

	2021/22	2020/21
For the three months ended 30th June (Unaudited)	11 August 2021	04 August 2020
For the six months ended 30th September (Unaudited)	11 November 2021	09 November 2020
For the nine months ended 31 December (Unaudited)	14 February 2022	10 February 2021
For the twelve months ended 31 March (Unaudited)	13 May 2022	17 May 2021

Dividend Calendar

	2021/22	2020/21
Dividend paid	-	16 April 2021

Proposed Financial Calender

	2022/23
For the three months ending 30th June (unaudited)	August 2022
For the six months ending 30th September (unaudited)	November 2022
For the nine months ending 31 December (unaudited)	February 2023
For the twelve months ending 31 March (unaudited)	May 2023
Annual general meeting	June 2023

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

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

1. PREFACE

The Directors of Regnis (Lanka) PLC are pleased to present the shareholders their report on the affairs of Regnis (Lanka) PLC together with the Audited Financial Statements of the Company and the audited consolidated financial statements of the Group for the year ended 31 March 2022 and the Independent Auditor's Report on those Financial Statements conforming to all relevant statutory requirements. This Report provides the information as required by the Companies Act No. 07 of 2007 ('the Companies Act'), and amendments thereto, the Listing Rules of the Colombo Stock Exchange ('CSE') and the recommended best practices.

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

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

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

As required under Section 168 of the Companies Act No. 07 of 2007, the information is disclosed in page 81 in this Report prepared for the year ended 31 March 2022.

2. REVIEW OF BUSINESS

2.1 Vision, Mission and Corporate Conduct

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

2.2 Principal Activity

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

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

2.3 Review of Operations of the Company

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

A review of the business of the Company and its subsidiary and their performance during the year with comments on financial results, future strategies and prospects are contained in the Chairman's statement on pages 14 to 15, the Chief Executive Officer's review on pages 16 to 18 and Management Discussion and Analysis on pages 24 to 72 the Company's affairs and the important events that occurred during the year, and up to the date of this Report which forms an integral part of this Report.

3. INDEPENDENT AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on page 127 to 129 in this Annual Report.

4. FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2022 are in accordance with the Sri Lanka Accounting Standards, SLFRSs/LKASs, issued by The Institute of Chartered Accountants of Sri Lanka and the requirements of Section 151 (and Section 153 for consolidated entity) of the Companies Act No. 07 of 2007.

The financial statements duly signed by the Directors are provided on page 133 in this Annual Report.

4.1 Accounting Policies

The accounting policies adopted in preparation of the financial statements and the changes thereto are provided in the Notes to the financial statements on pages 138 to 152. The Group has consistently applied the accounting policies as set out in Note 4 to all periods presented in these consolidated financial statements.

5. CORPORATE GOVERNANCE

The Board of Directors is responsible for the governance of the Company.

The Board has placed considerable emphasis on developing rules, structures and processes to ensure integrity and transparency in all of Company's dealings and on making the best effort in achieving performance and quality profits.

As with the direction the Company has complied with the following mandatory rules issued by the CSE, relevant provision of Companies Act and Code of best practice on Corporate Governance laid down by the Institute of Chartered Accountants of Sri Lanka.

1. Requirements mentioned in Section 168 of the Companies Act in page 81.
2. Content of the Annual Report as per rule 7.6 of the listing rules of CSE in page 82.
3. Requirements on Corporate Governance as per rule 7.10 and 7.13 of the listing rules of CSE in pages 83 to 85.
4. Requirements on Related Party Transactions as per rule 9 of the listing rules of CSE in pages 85 to 86.
5. Code of best practices on Corporate Governance 2017 issued by CA Sri Lanka in pages 87 to 110.

The Report on Corporate Governance on pages 74 to 78 describes the application of the Corporate Governance practices within the Company during the year under review.

6. FUTURE OUTLOOK

We are optimistic that following the implementation of much-needed reforms, Sri Lanka will be positioned for strong economic growth, with higher contributions from local manufacturing and reduced reliance on imports. As Sri Lanka's largest manufacturer of consumer durables, we are acutely aware of the contribution we can make in supporting this aspiration, as we seek to enhance local value addition through a wider manufacturing footprint.

7. DIRECTORS OF THE COMPANY

7.1 Information on Directors as at 31 March 2022

The Board of Directors of the Company as at 31 March 2022 consisted of eight Directors with wide commercial and financial knowledge and experience as detailed in the 'Board of Directors Profiles' on pages 20 to 21.

The names of the Directors of the Company who held the office during the year and as at the end of March 2022, as required by the Section 168 (1) (h) of the Companies Act, are given below:

Name of the Director	Executive/ Non-Executive	Independent/ Non-Independent
Mr. A M Pandithage	Executive	-
Mr. M H Wijewardene (CEO)	Executive	-
Mr. S C Ganegoda	Non-executive	Non-Independent
Mr. M H Jamaldeen	Non-executive	Independent
Mr. D K de Silva Wijeyeratne	Non-executive	Independent
Mr. N L S Joseph	Non-executive	Independent
Mr. K D G Gunarathne	Non-executive	Independent
Mr. K D Kospelawatta	Executive	-
Mr. M Irzan (Alternate Director to Mr. Kelum Kospelawatta)		
Mr. K.T. Ramesh Chitrasiri (Alternate Director to Mr. S.C. Ganegoda) appointed to the Board on 20th April 2022		
Mr. V.J. Shanil Perera (Alternate Director to Mr. M.H. Wijewardene) appointed on 20th April 2022		

Directors of Subsidiary

The names of the Directors of the Subsidiary Regnis Appliances (Pvt) Ltd who held the office during the year and as at the end of March 2022:

Name of the Director

Mr. A M Pandithage

Mr. M H Wijewardene (CEO)

Mr. S C Ganegoda

Mr. N M P Fernado

Mr. K D Kospelawatta

Mr. T M V Tennakoon
(Appointed w.e.f. 20th April 2022)

Mr. B. T. L. Mendis
(Appointed w.e.f. 20th April 2022)

7.2 Independence of Directors

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

7.3 New Board Appointments during the year under review and up to the date of this Report

No new appointments during the financial year.

Mr. K T Ramesh Chitrasiri (Alternate Director to Mr. S.C. Ganegoda) and Mr. V J Shanil Perera (Alternate Director to Mr. M.H. Wijewardene) appointed to the Board on 20th April 2022.

7.4 Resignation and Re-election

No resignations during the year under review and up to the date of the report.

Notice has been given pursuant to Section 211 of the Companies Act of the intention to propose an ordinary resolution for re-election of Mr. A.M. Pandithage, who is 70 years of age notwithstanding the age limit of 70 years stipulated by Section 210 of the Companies Act.

In terms of Article 24 (4) of the Article of Association of the Company, Mr. D. K. De Silva Wijeyeratne and Mr. K. D. Kospelawatta retire by rotation and being eligible, offer themselves for re-election.

7.5 Disclosure of Directors' dealing in shares

Shareholdings of the Directors and Executive Officer at the beginning of the year and as at the end of the year ended 31March 2022 are stated below:

Name of the Director	Shareholding 31 March 2022 (Number of Shares)	Shareholding 1st April 2021 (Number of Shares)
Mr. A M Pandithage	-	-
Mr. M H Wijewardene (CEO)	-	-
Mr. S C Ganegoda	-	-
Mr. M H Jamaldeen	-	-
Mr. D K de Silva Wijeyeratne	-	-
Mr. N L S Joseph	-	-
Mr. K D G Gunarathne	-	-
Mr. K D Kospelawatta	-	-
Mr. M Irzan (Alternate Director to Mr. Kelum Kospelawatta)	-	-

7.6 Directors interest register

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

7.7 Directors interest in contracts or proposed contracts

Details of transactions with Director related entities are disclosed in Note 37 to the financial statements on pages 132 to 203 and

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

have been declared at the quarterly Board meeting, pursuant to Section 192 (1) & 192 (2) of the Companies Act.

The Directors have also disclosed transactions, if any, that could be classified as Related Party Transactions in terms of the Sri Lanka Accounting Standard – LKAS 24 on "Related Party Disclosures". Please refer Note 37 to the Financial Statements on pages 198 to 203 for those transactions disclosed by the Directors.

7.8 Directors fees and remuneration

Executive Directors remuneration is structured within an established framework by the Board's Remuneration Committee to whom this task has been entrusted. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration of the Executive Directors for the reporting period ended 31 March 2022 is given on Note 37.4 and page 201 to 202 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 31 March 2022 is given in Note 9 and page 158 is determined according to the scales of payment decided upon by the Board. The Board is satisfied that the payment of remuneration is fair to the Company.

7.9 Directors' Indemnity and insurance

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

7.10 Statutory Payments

The declaration relating to Statutory Payments is made in the Statement of Directors' Responsibility on pages 123 to 124.

7.11 Directors' responsibility for financial reporting

The Directors are responsible for the preparation of Financial Statements of the Company in conformity with the requirements of relevant Sri Lanka Financial Reporting Framework and Sri Lanka Accounting Standards (Mandated by the Act No. 15 of 1995 and the Companies Act which reflect a true and fair view of the financial position and performance of the Company. The "Statement of Directors' Responsibility" appearing on pages 123 to 124.

7.12 Directors' Declaration on Corporate Governance

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

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

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

8. BOARD COMMITTEES

8.1 Audit Committee

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

The members and the composition of the members are given on Pages 111 to 112 under the Audit Committee Report.

The Report of the Audit Committee on Pages 111 to 112 sets out the manner of compliance by the Company in accordance with the requirements of the Listing Rule 7.10.6 of the CSE on Corporate Governance.

8.2 Remuneration Committee

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

The members and the composition of the members are given on Page 113 under the Report of the Remuneration Committee.

The Report of the Remuneration Committee on page 113 contains a statement of the remuneration policy. The details of the aggregate remuneration paid to the Executive and Non-Executive Directors during the financial year are given in Note 9 on page 158 to the financial statements.

8.3 Board Nomination Committee

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

The members and the composition of the members are given on page 114 under the Report of the Nomination Committee of Regnis (Lanka) PLC.

The Report of the Board Nomination Committee on page 114 sets out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka.

8.4 Related Party Transactions Review Committee

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

The members and the composition of the members are given on Page 115 under the Report of the Related Party Transactions Review Committee.

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

The Report of the Board-Related Party Transactions Review Committee on pages 115 to 116 sets out the manner of compliance by the company.

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

For the year ended 31 March	Note Reference	Page Reference	**2021/22 Rs.'000**	2020/21 Rs.'000
Group Profit Before Taxation (PBT)	9	158	37,517	168,718
Income Tax Reversal/(Expense)	10	159	(10,421)	18,140
Profit After Tax (PAT)	-	132	27,096	186,858
Other Comprehensive income net of tax	10.3	160	(626)	(2,490)
To this has to be added the profit brought forward from the previous year	-	-	1,032,436	901,102
And adjustments due to realization of Revaluation Surplus	24.1	177	5,557	5,558
Leaving a total available for Appropriations of	-	-	1,064,463	1,091,028
Interim Dividend for the period	31	186	-	(58,592)
Leaving a balance to be carried forward by the Group of	-	-	1,064,463	1,032,436
Balance to be carried forward by the Company of	-	-	833,158	828,528

9.1 Financial Performance Analysis -2021/22

The Profit Before Tax of the Group amounted to Rs. 37.5 million. (Rs. 168.7 million In 2020/21), which is a decline of 78%. Further, the Profit After Tax of the Group amounted to Rs. 27 million (Rs.186.8 million in 2020/21), reflecting a decline of 86%. Information on the movement of reserves is given in the Statement of Changes in Equity on page 134 to 135 to the Financial Statements. Refer Financial Capital on page 44 to 47 in this report.

9.2 Reserves

The summary of Group and the Company reserves given below:

Particulars	GROUP		COMPANY	
	As at 31 March 2022 Rs.'000	As at 31 March 2021 Rs.'000	**As at 31 March 2022 Rs.'000**	As at 31 March 2021 Rs.'000
Stated Capital	211,192	211,192	211,192	211,192
Revaluation Reserve	565,121	460,665	565,121	460,665
Available-for-Sales Reserve /FVOCI	8,409	6,789	8,409	6,789
Retained Earnings	1,064,463	1,032,437	833,158	828,528
Total	1,849,185	1,711,083	1,617,880	1,507,174

Information on the movement of reserves is given in the Statement of Changes in Equity on pages 134 to 135 to the Financial Statements.

9.3 Property, Plant and Equipment and Intangible Assets

During the period under review, the Group and Company invested a sum of Rs. 63,871,137/- (2020/21 Rs. 60,513,037/-) and Rs. 19,064,901/- (2020/21 Rs. 46,147,583/-).

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

Details of Freehold Land and Building are given in Note 12 to the financial statements.

9.4 Market value of properties

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

The most recent valuation was carried out on 30th March 2022. The details of the valuation are given in Note 12.10 to the financial statements on page 168 in this Report.

9.5 Investments

Investments Details of long term investments are given in Notes 15 and 16 to the financial statements on page 171.

9.6 Taxation

Income taxes are computed based on rates enacted or substantively enacted as at the Reporting Date. The income tax rate applicable to the Company and the subsidiary's operations for the year under review is 18%. (2020/21 - Company and Subsidiary 18%)

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

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

9.7 Stated Capital

As per the Companies Act, the Stated Capital of the Company was Rs. 211,192,425/- as at 31 March 2022 and was unchanged during the 12 months period. Details are given in Note 23 to the Financial Statements on page 177.

9.8 Dividend

The board of directors of the company neither paid any final dividend nor recommended a final dividend for the year 2021/22.

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

9.9 Intangible Assets

The carrying value of intangible assets of the group and the company as at the Reporting Date amounted to Rs. 36.1 million and Rs. 23.8 million respectively. Movement of intangible assets from the balance as at 01st April 2021 to the balance as at 31 March 2022, additions and disposals made, together with the amortisation charge for the year, are set out in Note 14 to the Financial Statements on page 170.

9.10 Donations

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

9.11 Commitments & Contingencies

Details of capital commitments as at 31 March 2022 are provided in Note 35 on page 197.

9.12 Events after the Reporting Period

No circumstances have arisen since the reporting date, which would require adjustment or disclosure except for the details given in Note 36 to the Financial Statements on page 198.

10. EXPOSURE TO RISK

The group has a structured risk management process in place to support its operations. The audit committee plays a major role in this process. The risk management section referred in pages 37 to 40 elaborates these practices and the risk factors.

11. GOING CONCERN

The Directors are of the opinion, based on their knowledge of the company, key operations and specific inquiries that the Company and the group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

12. EXTERNAL AUDITOR

12.1 Appointment of Auditor

The Financial Statements for the period under review were audited by Messrs KPMG, Chartered Accountants who offer themselves for reappointment for the ensuing year. As recommended by the Audit Committee, The Directors propose the reappointment of Messrs KPMG, Chartered Accountants as Auditors of the Company for the year 2022/23 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.

12.2 Auditor's Remuneration

The audit and non-audit fees paid to the Auditors by the company and the Group are disclosed in Note 9 on page 158 in this Annual Report.

12.3 Auditor's Independence

Independence Confirmation has been provided by Messers. KPMG as required by the Section 163 (3) of the Companies Act, in connection with the audit for the year ended 31 March 2022 confirming that KPMG is not aware of any relationship with or interest in the Company or its subsidiary audited by KPMG that in their judgement, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct issued by CA Sri Lanka.

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

13. SUSTAINABILITY

The Company is adopting sustainability practices and sustainability reporting. The Company has considered the sustainability aspects when formulating its business strategies and details of which are presented on pages 207 to 208.

14. ENVIRONMENTAL PROTECTION

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

15. HUMAN RESOURCES

A brief description of the Company's HR Policy and the Remuneration Methodology given in the Remuneration Committee Report on page 113.

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

The number of persons employed by the Group and Company as at 31 March 2022 was 517 (2020/21 - 477) and 450 (2020/21 –410) respectively.

16. MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS

Details relating to material issues pertaining to employees and industrial relations are given in Human Capital on page 51 to 58.

17. NOTICE OF MEETING

The Annual General Meeting of Regnis (Lanka) PLC, will be held via an online meeting platform, live streamed from the conference hall of Hayleys PLC at 400, Deans Road, Colombo 10, Sri Lanka on 29th June 2022. The Notice of Annual General Meeing appears on page 218.

18. ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by the Section 168 (1) (k) of the Companies Act, the Board of Directors does hereby acknowledge the contents of this Annual Report.

For and on behalf of the Board,

(Sgd.)
A M Pandithage
Chairman

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

(Sgd.)
Hayleys Group Services (Private) Limited
Company Secretaries
Regnis (Lanka) PLC
Colombo
13th May, 2022

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The following statement sets out responsibility of the Directors in relation to the Financial Statements of Regnis (Lanka) PLC and its Subsidiary prepared in accordance with the provisions of the Companies Act No. 07 of 2007 ('the Companies Act').

The responsibility of the Independent Auditor in relation to the Financial Statements is set out in the Report of the Auditors given on pages 127 to 129 of the Annual Report.

In terms of Sections 150 (1), 151, 152(1) and 153 of the Companies Act, the Board of Directors of the Company and the Group is responsible to ensure that the Company and the Group keeps proper books of account of all the transactions and prepare Financial Statements for the twelve months that give a true and fair view of the financial position of the Company and the Group as at the end of each financial year and of the profit or loss of the Company and the Group for the financial period and place them before a general meeting.

The Financial Statements comprise of the Statement of Financial Position as at 31 March 2022, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

Accordingly, the Directors confirm that the Financial Statements of the Company and the group give a true and fair view of the:

- Financial position of the Company and the Group as at 31 March 2022; and
- The Statement of Profit or Loss and Other Comprehensive Income of the Company and the Group for the financial year ended.

Compliance Report

a) Appropriate Accounting Policies have been selected and applied in preparing the Financial Statements are provided on pages 138 to 151 based on the latest financial reporting framework on a consistent basis, while reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected and material departures, if any, have been disclosed and explained.

b) The Financial Statements for the year ended 31 March 2022, prepared and presented in this Annual Report in agreement with the underlying books of account and are in conformity with the requirements of the following:

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

c) The Directors have taken appropriate steps to ensure that the Company and the Group maintains proper books of account and review the financial reporting system directly by them at their regular meetings and also through the Audit Committee, the Report of the said Committee is given on pages 111 to 112 of this Annual Report.

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

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

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

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

g) As required by Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Company, who has expressed desire to receive a hard copy within the stipulated period of time (not less than fifteen working days before the date fixed for holding the Annual General Meeting) as required by the Rule No. 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the CSE.

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

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

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

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

this reason, we continue to adopt the Going Concern basis in preparing the Financial Statements.

k) The Financial Statements of the Company and the Group have been certified by the Chief Financial Officer, the officer responsible for their preparation, as required by the Sections 150 (1) (b) of the Companies Act No. 07 of 2007 and also have been signed by two Directors of the company on page 133 as required by the Sections 150 (1) (c) of the Companies Act and other regulatory requirements.

l) The external Auditors, Messrs. KPMG, Chartered Accountants who will be reappointed in terms of the Section 158 of the Companies Act as the Auditors of the Company at the Annual General Meeting were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on pages 127 to 129 sets out their responsibilities in relation to the Financial Statements. The Board has recommended that Messes KPMG be reappointed as Auditors for the year 2022/23.

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

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

By order of the Board

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

Colombo
13th May, 2022

GROUP CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of the Regnis (Lanka) PLC (the Company) and its subsidiary as at 31 March 2022 are prepared and presented in conformity with the requirements of the following:

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

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

We confirm that to the best of our knowledge, the Financial Statements, Significant Accounting Policies and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of the operations and the Cash Flows of the Company during the twelve months under review.

We have also taken proper and sufficient care in installing systems of internal control and accounting records to safeguard assets and to prevent and detect frauds as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by Group's internal auditors. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Group Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the effectiveness of the audits and to discuss auditing, internal control and financial reporting issues. The Independent Auditors and the Internal Auditors have full and free access to the Audit Committee to discuss any matter of substance.

The Financial Statements of the Company and its subsidiary were audited by Messrs. KPMG, Chartered Accountants and their Report is given on pages 127 to 129.

The Audit Committee approves the audit and non-audit services provided by the External Auditor, in order to ensure that the provision of such services do not impair their independence.

We confirm that,

- the Company and its subsidiary have complied with all applicable laws, regulations and prudential requirements;
- there are no material non-compliances;
- there are no material litigations that are pending against the Group other than those disclosed in the Note 35.4.2 to the Financial Statements in this Annual Report.

(Sgd.)
Mahesh Wijewardene
Group Chief Executive Officer

(*Sgd*.)
Kanchana Atukorala
Chief Financial Officer

Colombo
13th May, 2022

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The following statement fulfils the requirement to publish the Directors' Statement on internal control as per the Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka.

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and Group. This process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

The Board has implemented the following to obtain reasonable assurance that proper systems of internal controls are in place:

- Instituted various committees to assist the Board in ensuring the effectiveness of Company and its subsidiary operations are in accordance with the corporate strategies and annual budget.

- The Group Internal Audit and the Risk Management division to review and report on the internal control environment in the Company and its subsidiary. Audits are carried out in accordance with the annual audit plan approved by the Group Audit Committee. Findings are submitted to the Group Audit Committee for review at their periodic meetings.

- The Audit Committee reviews internal control issues identified by Group Internal Audit and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings are tabled at the Board meetings of Regnis (Lanka) PLC.

- The adoption of new Sri Lanka Accounting Standards comprising LKAS and SLFRS in 2013, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress to ensure effective implementation of the required processes.

- The comments made by External Auditors in connection with the internal control system during the financial year 2020/21 were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.

CONCLUSION

The Board having implemented the above is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatements of loss.

The Board of Directors confirm that the financial reporting system of Regnis Group has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Company's Act No 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

(Sgd.)
A M Pandithage
Chairman

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

13th May, 2022

INDEPENDENT AUDITOR'S REPORT

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

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

To the Shareholders of Regnis (Lanka) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Regnis (Lanka) PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Carrying value of Inventories

Refer to the accounting policies in "Note 4.9 to the Financial Statements: Inventories", "Note 2.4 to the Financial Statements: Significant Accounting Judgments and Estimates" and "Note 18 to the Financial Statements: Inventories

Risk Description	Our responses
The Group has recognized a total inventory provision of Rs. 68. Mn (the Company Rs. 45.7 Mn) in relation to the total inventory value of Rs.1.72 Bn (the Company Rs. 1.19 Bn) as at 31st March 2022. The Group has significant levels of inventories and judgments are taken regarding categorization of inventories into obsolete and/or slow moving and which should be therefore be considered for provision. Estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories and arrive at valuation based on lower of cost and net realizable value. Given the level of judgments and estimates involved carrying value of inventory has been considered as a key audit matter.	Our audit procedures included: • Obtaining and understanding an assessing the design, implementation and operating effectiveness of management's key internal controls over the provision computations and to ensure the accuracy of the inventory provision. • Challenging the management with regard to the calculation methodology, the basis for provision and the process with respect to inventory provision. • Attending stock counts as at the year-end. In addition, assessing the effectiveness of the physical count controls in operation at each count location to identify damaged stocks, and expired stocks that are written off in a timely manner and evaluating the results of the other counts performed by the management throughout the period to assess the existence of inventory • Assessing the adequacy of, and movements in, inventory provisions held, by recalculating a sample of items included within the provision to ensure appropriate basis of valuation. • On a sample basis, assessing, whether inventories were stated at the lower of cost or net realizable value at the reporting date by comparing the sales prices of inventories subsequent to the reporting date where available and with the latest prices and checked whether there were any considerably low margin products which would potentially have an effect of the net realizable value. • Evaluating the appropriateness of the assumptions used in management assessment of provision for slow moving inventory to ensure that management assessment is adequate based on our knowledge and information of the client and the industry.

INDEPENDENT AUDITOR'S REPORT

KPMG

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

KPMG

independence, and where applicable, related safeguards.

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

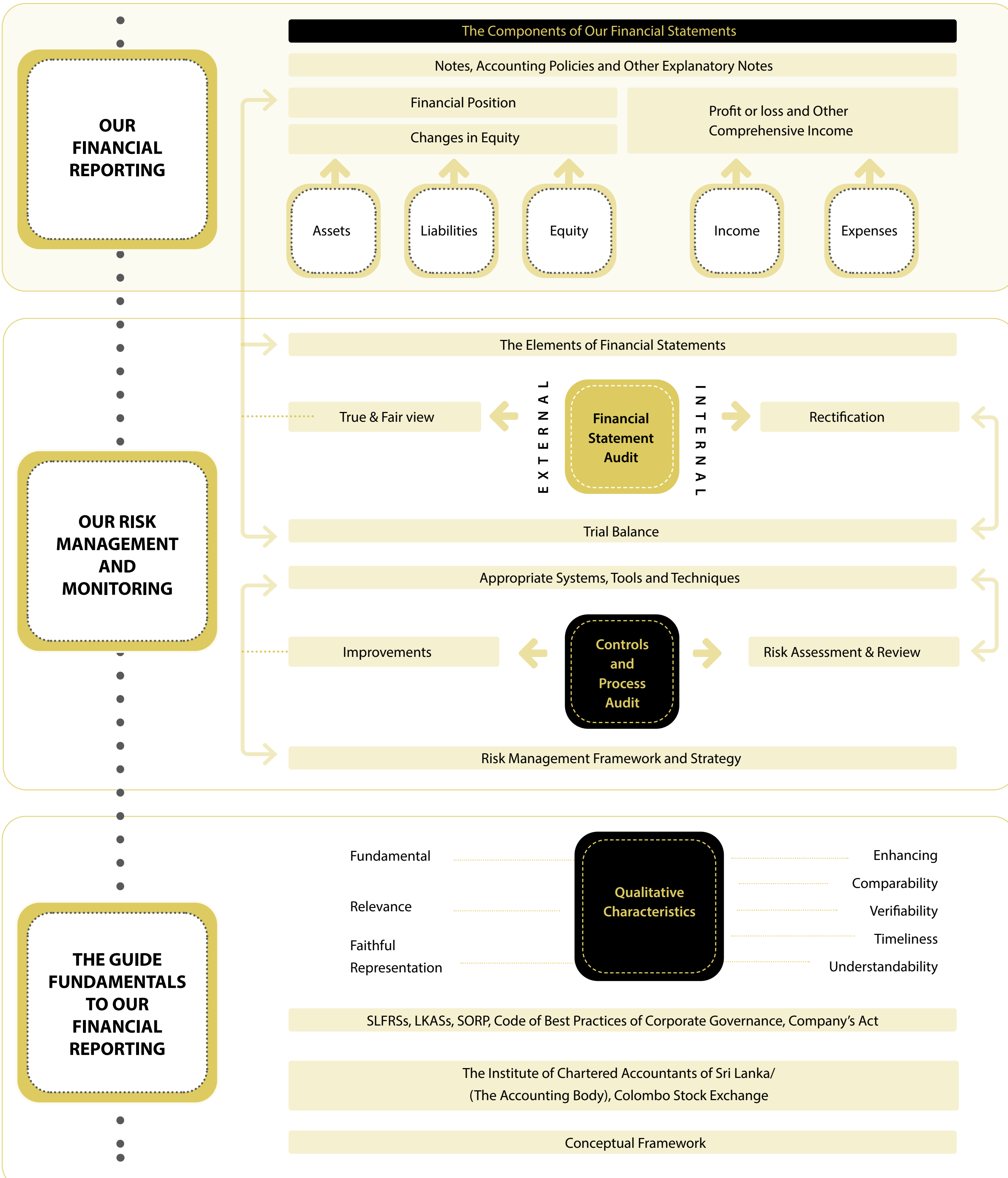
Report on Other Legal and Regulatory Requirements

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

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

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
13 May 2022

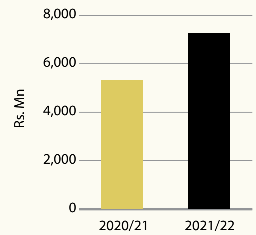
FINANCIAL REPORTING MATRIX

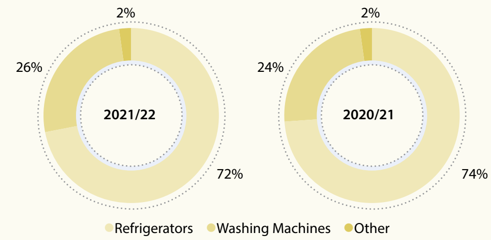


FINANCIAL STATEMENTS HIGHLIGHTS

REVENUE

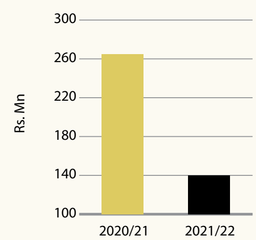
		Rs. Mn
2021/22	37%	7,272
2020/21		5,323

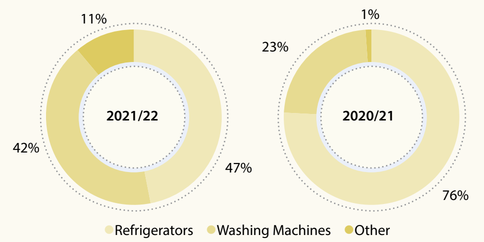




GROSS PROFIT

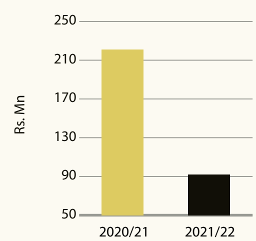
		Rs. Mn
2021/22	47%	140
2020/21		265

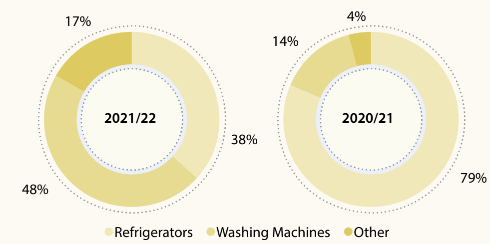




OPERATING PROFIT

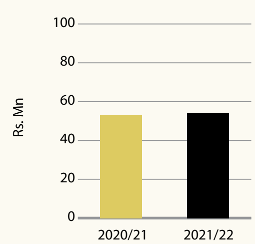
		Rs. Mn
2021/22	58%	92
2020/21		221

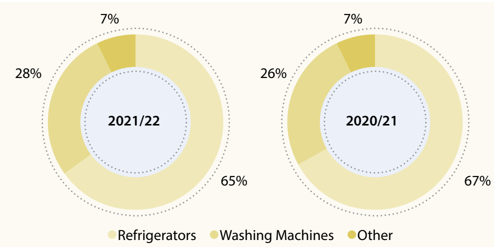




NET FINANCE COST

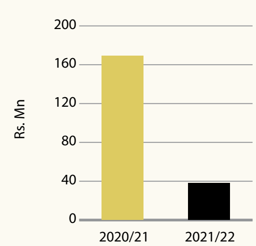
		Rs. Mn
2021/22	2%	54
2020/21		53

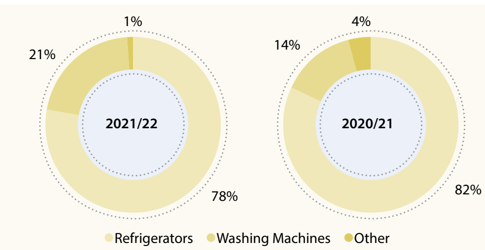




PROFIT BEFORE TAXATION

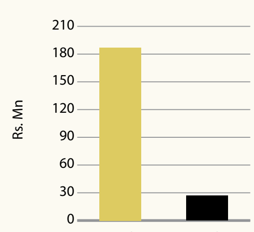
		Rs. Mn
2021/22	77.5%	38
2020/21		169





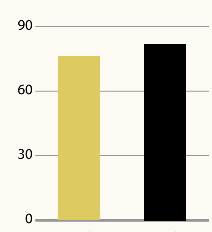
PROFIT AFTER TAX

		Rs. Mn
2021/22	86%	27
2020/21		187



NET ASSET PER SHARE

		Rs.
2021/22	8%	82
2020/21		76



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		GROUP		COMPANY	
For the year ended 31 March		**2022**	2021	**2022**	2021
	Note	**Rs.**	Rs.	**Rs.**	Rs.
Revenue	5	**7,272,124,592**	5,322,786,389	**5,244,283,009**	3,941,940,210
Cost of sales		**(7,132,615,683)**	(5,057,958,710)	**(5,177,952,010)**	(3,741,679,631)
Gross profit		**139,508,909**	264,827,679	**66,330,999**	200,260,579
Other income	7	**8,251,626**	209,163	**3,858,232**	12,209,163
Administrative expenses		**(18,744,544)**	(18,989,744)	**(14,610,428)**	(16,208,985)
Selling and distribution expenses	9.2	**(37,473,953)**	(24,619,610)	**(19,005,356)**	(11,870,282)
Operating profit		**91,542,038**	221,427,488	**36,573,447**	184,390,475
Finance cost	8.1	**(59,988,116)**	(63,674,424)	**(44,223,208)**	(48,219,952)
Finance income	8.2	**5,963,245**	10,965,508	**9,317,256**	12,805,056
Net finance cost		**(54,024,871)**	(52,708,916)	**(34,905,952)**	(35,414,896)
Profit before tax	9	**37,517,167**	168,718,572	**1,667,495**	148,975,579
Income tax (expense)/ reversal	10	**(10,420,968)**	18,140,481	**(2,511,074)**	23,298,150
Profit/ (loss) for the year		**27,096,199**	186,859,053	**(843,579)**	172,273,729
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Re-measurement loss on defined benefit obligation	26.6	**(763,013)**	(3,035,995)	**(100,352)**	(2,757,467)
Deferred tax on re-measurement on defined benefit obligation	10.2	**137,342**	546,479	**18,063**	496,344
Impact on deferred tax rate change on revaluation reserve	10.2	**-**	41,125,720	**-**	41,125,720
Revaluation gain on land and building	10.2	**134,160,922**	-	**134,160,922**	-
Deferred tax on revaluation	10.2	**(24,148,966)**	-	**(24,148,966)**	-
Items that may be reclassified subsequently to profit or loss					
Net change in fair value of equity securities - FVOCI					
Change of fair value of FVOCI investment	16.2	**1,975,380**	2,864,195	**1,975,380**	2,864,195
Deferred tax on equity investments at FVOCI – change in fair value	10.2	**(355,568)**	(515,555)	**(355,568)**	(515,555)
Total Other comprehensive income for the year, net of tax		**111,006,097**	40,984,844	**111,549,479**	41,213,237
Total comprehensive income for the year, net of tax		**138,102,296**	227,843,897	**110,705,900**	213,486,966
Profit attributable to:					
Owners of the Company		**27,096,199**	186,859,053	**(843,579)**	172,273,729
Non-Controlling Interest		**-**	-	**-**	-
		27,096,199	186,859,053	**(843,579)**	172,273,729
Total comprehensive income attributable to:					
Owners of the Company		**138,102,296**	227,843,897	**110,705,900**	213,486,966
Non-Controlling Interest		**-**	-	**-**	-
Total comprehensive income for the year, net of tax		**138,102,296**	227,843,897	**110,705,900**	213,486,966
Earnings / (Loss) per share - Diluted/Basic (Rs.)	11.1	**1.2**	8.29	**(0.04)**	7.64
Dividend per share (Rs.)	33	**-**	-	**-**	2.60

The accounting policies and notes on page 138 to 203 form an integral part of these financial statements.
Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

		GROUP		COMPANY	
As at 31 March		**2022**	2021	**2022**	2021
	Note	**Rs.**	Rs.	**Rs.**	Rs.
Assets					
Non-current assets					
Property, plant and equipment	12	**1,317,163,879**	1,215,769,017	**1,206,321,861**	1,132,818,246
Right of use asset	13	**33,118,687**	12,303,518	**-**	-
Intangible assets	14	**36,134,039**	37,359,709	**23,789,787**	23,614,420
Investment in subsidiary	15	**-**	-	**150,000,000**	150,000,000
Investment in equity securities	16	**27,280,082**	25,304,702	**27,280,082**	25,304,702
Pre-paid operating leases	17	**59,315,324**	60,616,573	**-**	-
Other receivables	19.1	**6,375,510**	4,772,065	**1,075,810**	3,541,269
Total non-current assets		**1,479,387,521**	1,356,125,584	**1,408,467,540**	1,335,278,637
Current assets					
Inventories	18	**1,721,405,502**	1,514,618,324	**1,196,117,181**	1,041,802,189
Trade and other receivables	19.2	**338,454,438**	92,933,493	**281,564,118**	72,986,847
Amounts due from related parties	20	**1,328,019,970**	761,289,161	**1,013,235,398**	585,030,201
Income tax recoverable	30.1	**8,704,040**	4,984,024	**8,704,040**	4,984,024
Prepayments	21	**16,022,805**	13,278,862	**11,742,558**	10,275,163
Cash and cash equivalents	22.1	**10,145,932**	6,146,597	**8,275,475**	5,840,159
Total current assets		**3,422,752,687**	2,393,250,461	**2,519,638,770**	1,720,918,583
Total assets		**4,902,140,208**	3,749,376,045	**3,928,106,310**	3,056,197,220
Equity					
Stated capital	23	**211,192,425**	211,192,425	**211,192,425**	211,192,425
Reserves	24	**573,530,192**	467,454,424	**573,530,192**	467,454,424
Retained earnings		**1,064,462,727**	1,032,436,199	**833,158,036**	828,527,904
Total equity attributable to owners of the Company		**1,849,185,344**	1,711,083,048	**1,617,880,653**	1,507,174,753
Non-current liabilities					
Deferred tax liabilities	25	**171,139,204**	146,690,679	**165,321,683**	141,179,563
Employee benefits	26	**145,082,721**	146,039,975	**136,272,198**	138,735,216
Lease liability	32.4	**10,719,961**	-	**-**	-
Total non-current liabilities		**326,941,886**	292,730,654	**301,593,881**	279,914,779
Current liabilities					
Trade and other payables	27	**1,717,528,883**	1,001,373,876	**1,226,704,536**	685,029,041
Amounts due to related parties	28	**220,537,020**	46,924,946	**300,056,432**	106,574,340
Provisions	29	**56,727,822**	68,647,249	**38,360,528**	53,321,203
Current tax liabilities	30.2	**1,619,827**	3,284,617	**-**	-
Dividends payable	31	**3,444,079**	64,778,376	**3,444,079**	64,778,376
Lease liability	32.4	**9,119,997**	14,443,169	**-**	-
Loans and borrowings	32.1	**698,768,050**	515,085,933	**421,798,901**	334,923,508
Bank overdraft	22.2	**18,267,300**	31,024,177	**18,267,300**	24,481,220
Total current liabilities		**2,726,012,978**	1,745,562,343	**2,008,631,776**	1,269,107,688
Total liabilities		**3,052,954,864**	2,038,292,997	**2,310,225,657**	1,549,022,467
Total equity and liabilities		**4,902,140,208**	3,749,376,045	**3,928,106,310**	3,056,197,220

The accounting policies and Notes on page 138 to 203 form an integral part of these financial statements.

I certify that the financial statements have been prepared in accordance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)
Kanchana Atukorala
Chief Financial Officer

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

(Sgd.)
A M Pandithage
Chairman

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

Colombo
13 May 2022

STATEMENT OF CHANGES IN EQUITY

Group	Note	Stated Capital Rs.	Revaluation Reserve Rs.	FVOCI Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2020		211,192,425	425,097,057	4,440,507	901,102,050	1,541,832,039
Total comprehensive income						
Profit for the year		-	-	-	186,859,053	186,859,053
Other comprehensive income						
Re-measurement of defined benefit obligation	26.6	-	-	-	(3,035,995)	(3,035,995)
Change of fair value of FVOCI investment	16.2	-	-	2,864,195	-	2,864,195
Related taxes						
Deferred tax on re-measurement on defined benefit obligation	10.2	-	-	-	546,479	546,479
Deferred tax on equity investments at FVOCI – change in fair value	10.2	-	-	(515,555)	-	(515,555)
Impact on deferred tax rate change on revaluation reserve	10.2	-	41,125,720	-	-	41,125,720
Total other comprehensive income, net of tax	26.6 10.2 16.2	-	41,125,720	2,348,640	(2,489,516)	40,984,844
Total comprehensive income for the year, net of tax		-	41,125,720	2,348,640	184,369,537	227,843,897
Transaction with owners of the Company, recognised directly in equity						
Final dividend 2020/21		-	-	-	(58,592,888)	(58,592,888)
Total transaction with owners of the Company		-	-	-	(58,592,888)	(58,592,888)
Realisation of revaluation surplus	24.1	-	(5,557,500)	-	5,557,500	-
Balance as at 31 March 2021		211,192,425	460,665,277	6,789,147	1,032,436,199	1,711,083,048
Total comprehensive income						
Profit for the year		-	-	-	**27,096,199**	**27,096,199**
Other comprehensive income						
Re-measurement of defined benefit obligation	26.6	-	-	-	**(763,013)**	**(763,013)**
Change of fair value of FVOCI investment	16.2	-	-	**1,975,380**	-	**1,975,380**
Surplus on revaluation of land and building	24.1	-	**134,160,922**	-	-	**134,160,922**
Related taxes						
Deferred tax on re-measurement on defined benefit obligation	10.2	-	-	-	**137,342**	**137,342**
Deferred tax on equity investments at FVOCI – change in fair value	10.2	-	-	**(355,568)**	-	**(355,568)**
Deferred tax on revaluation	10.2	-	**(24,148,966)**	-	-	**(24,148,966)**
Total other comprehensive income, net of tax	26.6 10.2 16.2	-	**110,011,956**	**1,619,812**	**(625,671)**	**111,006,097**
Total comprehensive income for the year, net of tax		-	**110,011,956**	**1,619,812**	**26,470,528**	**138,102,296**
Transaction with owners of the Company, recognised directly in equity						
Final dividend 2021/22		-	-	-	-	-
Total transaction with owners of the Company		-	-	-	-	-
Realisation of revaluation surplus	24.1	-	**(5,556,000)**	-	**5,556,000**	-
Balance as at 31 March 2022		**211,192,425**	**565,121,233**	**8,408,959**	**1,064,462,727**	**1,849,185,344**

The accounting policies and notes on page 138 to 203 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Company	Note	Stated Capital Rs.	Revaluation Reserve Rs.	FVOCI Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01st April 2020		211,192,425	425,097,057	4,440,507	711,550,686	1,352,280,675
Total comprehensive income						
Profit for the year		-	-	-	172,273,729	172,273,729
Other comprehensive income						
Re-measurement of defined benefit obligation	26.6	-	-	-	(2,757,467)	(2,757,467)
Change of fair value of FVOCI investment	16.2	-	-	2,864,195	-	2,864,195
Related taxes						
Deferred tax on re-measurement on defined benefit obligation	10.2	-	-	-	496,344	496,344
Deferred tax on equity investments at FVOCI - change in fair value	10.2	-	-	(515,555)	-	(515,555)
Impact on deferred tax rate change on revaluation reserve	10.2	-	41,125,720	-	-	41,125,720
Total other comprehensive income, net of tax	26.6 10.2 16.2	-	41,125,720	2,348,640	(2,261,123)	41,213,237
Total comprehensive income for the year, net of tax		-	41,125,720	2,348,640	170,012,606	213,486,966
Transaction with owners of the Company, recognised directly in equity						
Final dividend 2020/21		-	-	-	(58,592,888)	(58,592,888)
Total transaction with owners of the Company		-	-	-	(58,592,888)	(58,592,888)
Realisation of revaluation surplus	24.1	-	(5,557,500)	-	5,557,500	-
Balance as at 31 March 2021		211,192,425	460,665,277	6,789,147	828,527,904	1,507,174,753
Total comprehensive income						
Loss for the year		**-**	**-**	**-**	**(843,579)**	**(843,579)**
Other comprehensive income						
Re-measurement of defined benefit obligation	26.6	**-**	**-**	**-**	**(100,352)**	**(100,352)**
Change of fair value of FVOCI investment	16.2	**-**	**-**	**1,975,380**	**-**	**1,975,380**
Surplus on revaluation of land and building	24.1	**-**	**134,160,922**	**-**	**-**	**134,160,922**
Related taxes						
Deferred tax on re-measurement on defined benefit obligation	10.2	**-**	**-**	**-**	**18,063**	**18,063**
Deferred tax on equity investments at FVOCI - change in fair value	10.2	**-**	**-**	**(355,568)**	**-**	**(355,568)**
Deferred tax on revaluation	10.2	**-**	**(24,148,966)**	**-**	**-**	**(24,148,966)**
Total other comprehensive income, net of tax	26.6 10.2 16.2	**-**	**110,011,956**	**1,619,812**	**(82,289)**	**111,549,479**
Total comprehensive income for the year, net of tax		**-**	**110,011,956**	**1,619,812**	**(925,868)**	**110,705,900**
Transaction with owners of the Company, recognised directly in equity						
Final dividend 2021/22		**-**	**-**	**-**	**-**	**-**
Total transaction with owners of the Company		**-**	**-**	**-**	**-**	**-**
Realisation of revaluation surplus	24.1	**-**	**(5,556,000)**	**-**	**5,556,000**	**-**
Balance as at 31 March 2022		**211,192,425**	**565,121,233**	**8,408,959**	**833,158,036**	**1,617,880,653**

The accounting policies and notes on page 138 to 203 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

		GROUP		COMPANY	
For the year ended 31 March		**2022**	2021	**2022**	2021
	Note	**Rs.**	Rs.	**Rs.**	Rs.
Cash flows from operating activities					
Profit before income tax expense		**37,517,167**	168,718,572	**1,667,495**	148,975,579
Adjustments for:					
Depreciation of property, plant and equipment	12	**93,693,697**	90,710,885	**76,778,708**	75,534,863
Depreciation of right of use asset	13	**15,314,308**	14,764,223	**-**	-
Amortisation of intangible assets	14	**4,169,171**	1,162,443	**2,768,133**	850,111
Amortisation of lease assets	17	**1,301,249**	1,301,249	**-**	-
Provision for inventories	9	**4,363,710**	34,223,246	**636,706**	35,279,891
Interest expense	8.1	**59,988,116**	63,674,424	**44,223,208**	48,219,952
Unclaimed dividend recognized in other income	31	**(3,478,368)**	-	**(3,478,368)**	-
Interest income	8.2	**(5,963,245)**	(10,965,508)	**(9,317,256)**	(12,805,056)
Dividend income	7	**-**	-	**-**	(12,000,000)
Provision/transfer for employee benefits	26.5	**12,338,710**	20,494,221	**11,215,106**	19,093,281
Operating profit before working capital changes		**219,244,515**	384,083,755	**124,493,732**	303,148,621
Increase in inventories	18	**(211,150,888)**	(285,772,474)	**(154,951,698)**	(220,906,388)
Increase in trade and other receivables	19 & 8.2	**(246,443,174)**	(51,108,679)	**(205,650,027)**	(40,347,056)
Increase in due from related parties	20	**(566,730,809)**	(294,961,137)	**(440,205,197)**	(155,528,895)
Increase in prepayments	21	**(2,743,943)**	(2,579,686)	**(1,467,395)**	(1,811,971)
Increase in trade and other payables	27	**716,155,007**	427,239,248	**541,675,495**	283,026,828
Increase/(decrease) in due to related parties	28	**173,612,074**	(9,021,976)	**193,482,092**	(26,063,132)
Increase/(decrease) in provisions	29	**(11,919,427)**	58,962,932	**(14,960,675)**	52,972,783
Cash generated from operations		**70,023,355**	226,841,983	**42,416,327**	194,490,790
Interest paid	8	**(59,053,509)**	(61,764,371)	**(44,272,244)**	(48,352,358)
Employee benefits paid	26.4	**(14,058,977)**	(4,012,509)	**(13,778,476)**	(3,907,813)
Income tax paid	30	**(15,724,442)**	-	**(6,575,441)**	-
Net cash flows from operating activities		**(18,813,573)**	161,065,103	**(22,209,834)**	142,230,619
Cash flows from investing activities					
Acquisition of property, plant and equipment, capital work-in progress	12	**(60,927,637)**	(24,678,425)	**(16,121,401)**	(24,323,348)
Acquisition of intangible assets	14.1	**(2,943,500)**	(35,834,613)	**(2,943,500)**	(21,824,235)
Interest income received	8.2	**5,282,029**	9,921,963	**8,855,471**	12,000,340
Dividend income received	7	**-**	-	**12,000,000**	-
Net cash flows (used in)/ generated from in investing activities		**(58,589,108)**	(50,591,075)	**1,790,570**	(34,147,243)
Cash flows from financing activities					
Proceeds from short-term borrowings	32.2	**4,172,137,836**	3,458,763,480	**2,810,305,813**	2,601,314,112
Repayment of short-term borrowings	32.2	**(3,988,429,822)**	(3,411,986,622)	**(2,723,381,384)**	(2,564,829,044)
Repayment of related company borrowings	32.3	**-**	(46,000,000)	**-**	(46,000,000)
Payment of finance lease liability	32.4	**(31,693,192)**	(16,464,132)	**-**	-
Dividend paid	31	**(57,855,929)**	(69,554,272)	**(57,855,929)**	(69,554,272)
Net cash flows used in financing activities		**94,158,893**	(85,241,546)	**29,068,500**	(79,069,204)
Net increase in cash and cash equivalents		**16,756,212**	25,232,482	**8,649,236**	29,014,172
Cash and cash equivalents at the beginning of the year	22	**(24,877,580)**	(50,110,062)	**(18,641,061)**	(47,655,233)
Cash and cash equivalents at the end of the year	22	**(8,121,368)**	(24,877,580)	**(9,991,825)**	(18,641,061)

The accounting policies and notes on page 138 to 203 form an integral part of these financial statements.
Figures in brackets indicate deductions.

FINANCIAL STATEMENTS TABLES OF CONTENTS

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

1.1 Reporting entity

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

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

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

1.1.2 Consolidated financial statements

The Consolidated Financial Statements of Regnis (Lanka) PLC as at the year ended 31 March 2022 comprise the Company and its Subsidiary namely Regnis Appliances (Pvt) Limited.

1.2 Subsidiary - Regnis Appliances (Private) Ltd

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

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

1.3 Principal activities and nature of operations

Parent Company

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

Subsidiary

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

1.4 Parent enterprise and ultimate parent enterprise

The Company's Parent undertaking as at 31 March 2022 is Singer (Sri Lanka) PLC.

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

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

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

1.5 Number of employees

The permanent number of employees of the Group at the end of the year 31 March 2022 was 324 (2021 – 338), Company – 263 (2021 – 273).

1.6 Responsibilities for financial statements & approval of financial statements

The Board of Directors is responsible for preparation and presentation of the financial statements of the Company as per the provision of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The Directors responsibility over financial statements is set out in detail in the Statement of Director's Responsibility. The financial statements for the year ended 31 March 2022 were approved by the Board of Directors at the board meeting held on 13 May 2022.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

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

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

2.3 Functional and presentation currency

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

2.3.1 Rounding

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

2.4 Use of estimates and judgments

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

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

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

2.4.1 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the period ending 31 March 2022 is included in the following notes:

Note 12.9 - Valuation of Land and Building,

The Group measures the freehold land/ Building (classified as property, plant and equipment) at revalued amounts, with changes in fair value being recognised in OCI. The freehold lands/ Buildings were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged a valuation specialist to assess fair values as at 31 March 2022 for the freehold lands/ Buildings

Note 26.3 - measurement of defined benefit obligations: key actuarial assumptions

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

Note 25 - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised

Note 18.2 - Provision for Inventories

Note 29 - Provisions

Note 35 - Contingencies

2.5 Measurement of fair values

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

2.6 Materiality and aggregation

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

2.7 Offsetting

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

2.8 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects of the COVID-19 pandemic on the significant assumptions that are sensitive or susceptible to change or are inconsistent with historical trends. The Group made considerable operational progress despite numerous external challenges, maintaining its market leadership position and building a future-fit product portfolio.

In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing uncertain and volatile macroeconomic environment and implications of Covid-19 pandemic and its impact on the Group companies and the appropriateness of the use of the going concern basis.

The Group is expected to encounter challenges such as the continuous devaluation of the rupee, import restrictions, rise in general inflation, depleting of foreign currency reserves, shortage of essential supplies, increase in policy rates and the resultant pressure on disposable income level.

Regnis Group will indirectly affect from the challenges that Singer Sri Lanka PLC will encounter from subdued consumer demand and greater credit risk due to the potential loss of income of the customer base.

Towards, mitigating this risk, the Group procured adequate inventory to see through to next few months, adopted strict cost conservation methods, fast track local sourcing and secured funding lines to manage possible liquidity issues. Further, the Group treasury is deeply analysing the foreign exchange market and working closely with relevant financial institutions and the parent company, to overcome dollar liquidity challenges and take timely price revisions to mitigate the exposure of future rupee devaluation.

Based on these proactive analyses and our operating model and financial strength, Group is confident that we are well placed. Group envisages no impact on the Group business continuity and expects to manage the above challenges effectively.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.9 Comparative information

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

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

3 CHANGES IN ACCOUNTING POLICIES

A number of new standards are also effective from 1 January 2022 but they do not have a material effect on the Group's financial statements

The Group has no changes to the significant accounting policies which would require to disclose .in these financial statement.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Other significant accounting policies not covered with individual notes.

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

Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current

A liability is current when it is:

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

All other liabilities are classified as non-current.

Group classifies deferred tax assets and liabilities as non-current assets and liabilities

4.1 Basis of consolidation

Business consolidation

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

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

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

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

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

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

4.1.1 Subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS

4.1.2 Non–controlling Interests

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

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

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

4.1.3 Loss of control

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

4.1.4 Transactions eliminated on consolidation

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

4.2 Foreign currency

4.2.1 Foreign currency transactions

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

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

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

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

4.3 Financial Instruments

Financial assets recognition and initial measurement

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

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

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

Classification and subsequent measurement of financial assets

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

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

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets - Business model assessment

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

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

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

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

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

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

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

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

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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.

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

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

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

Financial liabilities

Classification, subsequent measurement and gain and losses

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

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

Derecognition

Financial assets

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

Financial liabilities

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

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

Offsetting

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

Non-derivative financial liabilities measurement

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

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

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

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

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

Cash and cash equivalents

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

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

4.4 Stated capital

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

4.5 Impairment

Non derivative financial assets

Financial assets

The Group recognises loss allowances for ECLs on:

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

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

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

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

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

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

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

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

Measurement of measurement of ECLS.

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

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market tor a security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

Non-financial assets

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

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

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

4.6 Property, plant and equipment

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

4.6.1 Recognition and measurement

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

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

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

Cost model

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

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

Revaluation model

The Group applies the revaluation model to the entire class of freehold land and buildings. A revaluation is carried out when there is a substantial difference between the fair value and the carrying amount of the property, and is undertaken by professionally qualified valuers. Revaluation policy of the Group for land and building is to revalue at every three(3) 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 assets are charged against revaluation reserve directly in equity. All other decreases are recognised in profit or loss.

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

4.6.2 Subsequent expenditure

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

4.6.3 Depreciation

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

The estimated useful lives are as follows:

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

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

4.6.4 Derecognition

An item of property, plant and equipment is derecognised upon disposal of or when no future economic benefits are expected from its use or disposal. Gain and losses arising on derecognition of the assets are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'other income' in profit or loss. Gains are not classified as Revenue.

4.7 Intangible assets

4.7.1 Recognition and measurement

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

4.7.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred. The useful lives of intangible assets are assessed to be either finite or indefinite

4.7.3 Amortization

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful life of intangible assets with finite life is as follows:

Computer Software (Without Windows & Office Packages)	10 years
Windows and Office Packages	5 years
Leasehold rights	50 years

4.7.4 Derecognition

Intangible assets are 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.

4.8 Leases

Definition of a lease

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

NOTES TO THE FINANCIAL STATEMENTS

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 various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased

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

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

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

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

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

Short term leases and leases of low-value assets

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

4.8.2 Pre-Paid Operating Leases

The non-current and current portion of pre-paid operating lease solely consists of the operating lease paid in advance for the land acquired by the group from Board of investment (BOI) in Sri Lanka during the year. The group amortise the lease hold land over the lease period of fifty (50) years, on straight line basis.

Leased assets

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate. Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Group's statement of financial position. Investment property held under an operating lease is recognised in the Group's statement of financial position at its fair value.

4.9 Inventories

Inventories are measured at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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

Raw Materials	At actual cost
Finished Goods and Work-in-Progress	At the cost of direct materials, direct labour and an appropriate proportion of production overheads based on normal operating capacity
Goods-in-Transit	At actual cost
Allowance for Impairment	All inventory items are tested for impairment periodically

4.10 Provisions

A provision is recognised in the Statement of Financial Position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with LKAS 37 – "Provisions, Contingent Liabilities and Contingent Assets".

The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at the date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

4.10.1 Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on the historical warranty data and a weighting of all possible outcomes against their associated probabilities.

4.11 Employee benefits

4.11.1 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

4.11.2 Defined contribution plans

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

4.11.3 Defined benefit plans

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

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

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 benefit liability, taking in to account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. The liability is not externally funded.

4.12 Revenue recognition

Performance obligations and revenue recognition policies

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

NOTES TO THE FINANCIAL STATEMENTS

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

Sale of goods

Revenue is recognised when the goods are delivered to its Customers as the performance obligations will be satisfied on delivery.

Disaggregation of revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group's contracts with customers are similar in nature and revenue from these contracts are not significantly affected by economic factors apart from exports sales. The Group believes objective of this requirement will be met by using one type of category – Product type. (Refer Note 6.2)

4.13 Finance Income and finance cost

The Group's finance income and costs include

- interest income;
- interest expense;
- The reclassification of net gains previously recorded in OCI
- Interest income or expense is recognised using the effective interest method.

4.14 Dividend income

Dividend income is recognised in profit or loss on the date the entities right to receive dividend is established.

4.15 Other income and expenses

Gains and losses on disposal of property, plant & equipment and other non-current assets including investments are recognised by comparing the net sales proceeds with the carrying amount of the corresponding asset and are recognised net within 'other income' or 'other expenses' in profit or loss.

4.16 Expenditure recognition

Expenses are recognised in Profit and Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the purpose of presentation of statement of profit or loss and other comprehensive income, the Directors are of the opinion that 'function of expenses method' presents fairly the elements of the Group's performance, and hence such presentation method is adopted.

4.17 Income tax

Income tax expense comprises current and deferred tax.

It is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or in OCI.

4.17.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

4.17.2 Deferred income tax

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

4.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.19 Segmental operation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating results are reviewed regularly by the Group Chief Executive Officer to make decisions regarding resources to be allocated to the segments and to assess its performance and for which discrete finance information is available.

Segment results that are reported to the Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire Property, Plant and Equipment and intangible assets other than goodwill.

Segment information is presented in the respective Notes to the Financial Statements.

4.20 All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

4.21 The Cash Flow Statement has been prepared using the indirect method.

4.22 Standards issued but not yet effective

4.22.1 SLFRS 17 - Insurance contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

4.22.2 Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest rate benchmark reform (Phase 1 & 2)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2022. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

4.22.3 Amendments to SLFRS 16 - COVID – 19 related rent concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from Covid-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 01 June 2020. This amendment is not expected to have a material impact on the Financial Statements of the Group in the foreseeable future.

4.22.4 Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

4.22.5 Property, plant and equipment: Proceeds before intended Use – amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

4.22.6 Onerous Contracts – Costs of fulfilling a contract – amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group do not have significant impact on the financial statements from the new amendments.

4.22.7 Amendments to LKAS 1: Classification of liabilities as current or non-current

In March 2021 , ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively. The group do not have significant impact on presentation of liabilities in the statement of financial position from this amendment.

4.22.8 Amendments to references to the conceptual framework in SLFRS standards

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group

4.22.9 Amendments to LKAS 1 and LKAS 8 definition of material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

4.22.10 Amendment to LKAS 12 : Deferred tax related to Assets and Liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. The amendments apply for annual reporting periods beginning on or after 1 January 2023.

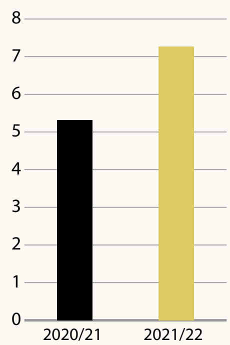
4.22.11 Amendments to LKAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to LKAS 41 Agriculture (LKAS 41). The amendment removes the requirement in paragraph 22 of LKAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of LKAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

5 REVENUE

Total revenue

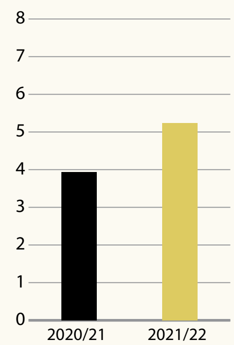
GROUP Rs. Bn



Rs 7.27 Bn
2021/22

Rs 5.32 Bn
2020/21

COMPANY Rs. Bn

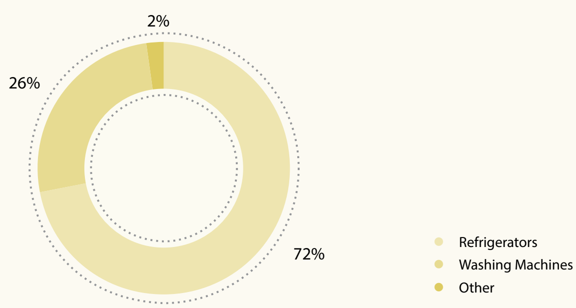


Rs 5.24 Bn
2021/22

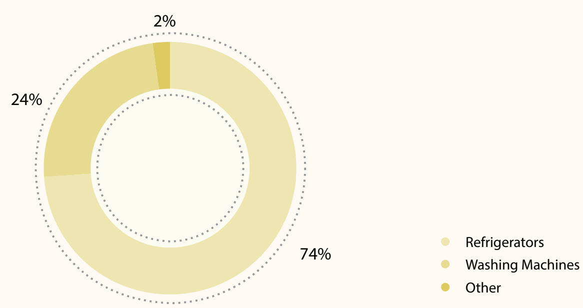
Rs 3.94 Bn
2020/21

Revenue by segment

2021/22 %

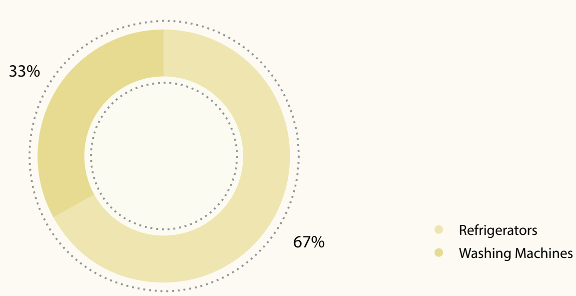


2020/21 %

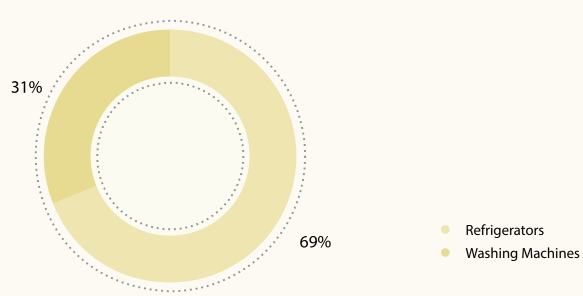


Sales volume

2021/22 %



2020/21 %



NOTES TO THE FINANCIAL STATEMENTS

5 REVENUE STREAMS (CONTD.)

The Group generates revenue primarily from the sale of refrigerators, washing machines and others to its parent company.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Sale of goods-gross	**7,883,909,785**	5,751,125,829	**5,663,825,650**	4,257,295,427
Sales taxes (Note 5.1)	**(611,785,193)**	(428,339,440)	**(419,542,641)**	(315,355,217)
Sale of goods-net (Note 5.2)	**7,272,124,592**	5,322,786,389	**5,244,283,009**	3,941,940,210

5.1 Sales taxes

	GROUP 2022 Rs.	GROUP 2021 Rs.	COMPANY 2022 Rs.	COMPANY 2021 Rs.
Value added tax	**611,785,193**	425,990,066	**419,542,641**	315,355,217
Excise duty	**-**	2,349,374	**-**	-
Total	**611,785,193**	428,339,440	**419,542,641**	315,355,217

5.2 Disaggregation of net revenue from contracts with customers

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

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Refrigerators	**5,244,283,009**	3,941,940,210	**5,244,283,009**	3,941,940,210
Washing machines	**1,883,916,609**	1,291,281,745	**-**	-
Others	**143,924,974**	89,564,434	**-**	-
Revenue from contract with customers	**7,272,124,592**	5,322,786,389	**5,244,283,009**	3,941,940,210

Disaggregated revenue agreeing with the revenue presented in segment analysis.

5.3 Contract balances

The following table provides information about receivables from contracts with customers.
Receivables which are included in 'amounts due from related parties

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Singer (Sri Lanka) PLC (Note 20.1)	**1,325,781,381**	752,971,919	**1,003,582,830**	571,562,508
Regnis Appliances (Pvt) Ltd (Note 20.1)	**-**	-	**2,640,645**	-
Singer Industries (Ceylon) PLC (Note 20.1)	**1,414,692**	8,317,242	**-**	-
Total	**1,327,196,073**	761,289,161	**1,006,223,475**	571,562,508

6 OPERATING SEGMENTS

6.1 Segmental Information - Group

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

The following summary describes the operations in each of the Group's reportable segments.

Reportable Segments	Operations	Location
Refrigerators	* Manufacture of refrigerators and bottle coolers	Regnis (Lanka) PLC
Washing machines	* Manufacture and assembly of fully auto and semi auto washing machines	Regnis Appliances (Pvt) Ltd
Other	* Production of plastic chairs and plastic components for refrigerators	Regnis Appliances (Pvt) Ltd

Inter-segment revenue includes sale of plastic components of refrigerators manufactured at Regnis Appliances (Pvt) Ltd to Regnis (Lanka) PLC and transfer of raw materials.

6.2 Information about reportable segments

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

	Refrigerators		Washing machines		Other		Total	Total
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
External revenue	**5,244,283,009**	3,941,940,210	**1,883,916,609**	1,291,281,745	**143,924,974**	89,564,434	**7,272,124,592**	5,322,786,389
Inter segment revenue	**-**	-	**-**	-	**375,190,311**	258,381,034	**375,190,311**	258,381,034
Reportable segment revenue (Note 6.3)	**5,244,283,009**	3,941,940,210	**1,883,916,609**	1,291,281,745	**519,115,285**	347,945,468	**7,647,314,903**	5,581,167,423
Reportable segment results from operating cost activities	**35,310,285**	174,731,934	**44,084,281**	36,783,868	**12,147,472**	9,911,687	**91,542,038**	221,427,489
Net finance cost (Note 6.4)	**(34,905,952)**	(35,414,896)	**(14,988,752)**	(13,623,159)	**(4,130,167)**	(3,670,861)	**(54,024,871)**	(52,708,916)
Reportable segment profit before tax	**404,333**	139,317,038	**29,095,529**	23,160,709	**8,017,305**	6,240,826	**37,517,167**	168,718,573
Property, plant and equipment	**1,206,321,861**	1,132,818,246	**83,131,519**	62,213,076	**27,710,499**	20,737,694	**1,317,163,879**	1,215,769,016
Right of use asset	**-**	-	**25,964,218**	9,691,950	**7,154,469**	2,611,568	**33,118,687**	12,303,518
Leasehold right	**-**	-	**46,501,723**	47,749,985	**12,813,601**	12,866,588	**59,315,324**	60,616,573
Other segment assets	**2,574,234,726**	1,778,050,649	**567,686,056**	432,039,618	**313,195,522**	219,145,371	**3,455,116,304**	2,429,235,638
Reportable segment assets	**3,780,556,587**	2,910,868,895	**723,283,516**	551,694,629	**360,874,091**	255,361,221	**4,864,714,194**	3,717,924,746
Long-term investments	**-**	-	**-**	-	**-**	-	**27,280,082**	25,304,702
Cash and cash equivalents	**-**	-	**-**	-	**-**	-	**10,145,932**	6,146,597
Total Assets	**-**	-	**-**	-	**-**	-	**4,902,140,208**	3,749,376,045
Reportable segment liabilities	**1,647,023,052**	1,024,024,717	**521,823,412**	306,380,518	**143,789,013**	82,556,509	**2,312,635,477**	1,412,961,744
Bank overdraft	**18,267,300**	24,481,220	**-**	5,154,137	**-**	1,388,820	**18,267,300**	31,024,177
Lease liability	**-**	-	**15,554,028**	11,377,434	**4,285,930**	3,065,734	**19,839,958**	14,443,168
Loans and borrowings	**421,798,901**	334,923,508	**276,969,149**	180,162,025	**-**	-	**698,768,050**	515,085,532
Dividends payable	**-**	-	**-**	-	**-**	-	**3,444,079**	64,778,376
Total Liabilities	**-**	-	**-**	-	**-**	-	**3,052,954,864**	2,038,292,997
Capital expenditure	**19,064,901**	46,147,583	**35,126,963**	11,316,216	**9,679,273**	3,049,239	**63,871,137**	60,513,038
Depreciation and amortisation	**79,546,841**	76,384,974	**26,198,690**	23,665,377	**8,732,895**	7,888,449	**114,478,426**	107,938,800

NOTES TO THE FINANCIAL STATEMENTS

6 OPERATING SEGMENTS (CONTD.)

	GROUP	
	2022	2021
	Rs.	Rs.
6.3 Reconciliation of segmental revenue		
Total reportable segment revenue	**7,647,314,903**	5,581,167,423
Elimination of inter-segment revenue	**(375,190,311)**	(258,381,034)
Total revenue	**7,272,124,592**	5,322,786,389
6.4 Reconciliation of segmental net finance cost		
Net finance cost for segments	**(54,024,871)**	(52,708,916)
Total net finance cost	**(54,024,871)**	(52,708,916)

6.5 Segmental information - Company

The Company, Regnis (Lanka) PLC, does not have different segments for the Refrigerators and Bottle Coolers because, they require same technology and market strategies. The segment is managed as one SBU (Strategic Business Unit) and CEO being the chief operating decision maker considers the products manufacture by the Company within Refrigerator segment and make assessment of the performance and make decision about resource allocation as whole.

7 OTHER INCOME

ACCOUNTING POLICY

DIVIDEND INCOME

Dividend income is recognised in profit or loss on the date the entities right to receive dividend is established.

OTHER INCOME

Gains and losses on disposal of property, plant and equipment and other non-current assets including investments are recognised by comparing the net sales proceeds with the carrying amount of the corresponding asset and are recognised net within 'other income' or 'other expenses' in profit or loss.

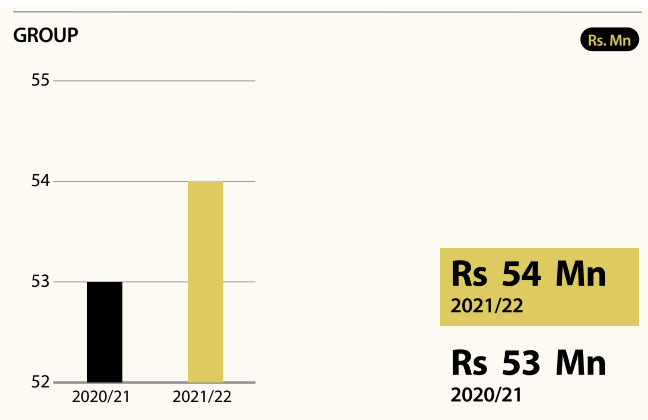
	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Interest income - from loans given to Company employees	-	136,579	-	136,579
Dividend income-unquoted	-	-	-	12,000,000
Miscellaneous income	**8,251,626**	72,584	**3,858,232**	72,584
Total	**8,251,626**	209,163	**3,858,232**	12,209,163

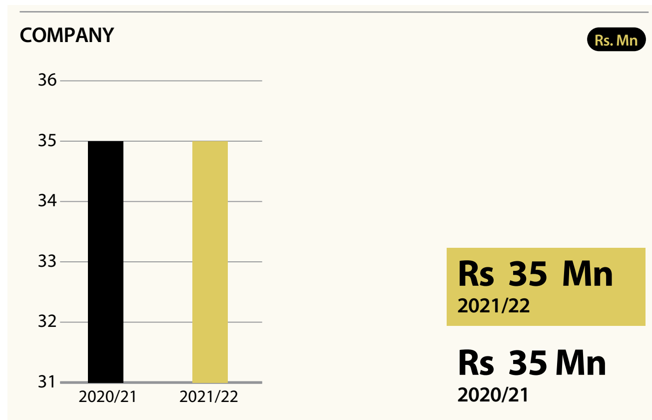
8 NET FINANCE COST

ACCOUNTING POLICY

The Group's finance income and cost include,

- Borrowing cost on working capital financing
- Borrowing cost on capital expenditure
- Interest income or expenses with related parties
- Interest income or expenses on corporate guarantees
- Unwinding interest income on interest free employee loans





		GROUP		COMPANY	
		2022	2021	**2022**	2021
		Rs.	Rs.	**Rs.**	Rs.
8.1	**Finance cost**				
	Interest on short term borrowings	**48,789,220**	56,601,291	**36,346,069**	40,161,069
	Interest on lease liabilities (Note 13.2)	**960,504**	2,234,648	**-**	-
	Interest expenses on related party payables	**10,238,392**	4,838,485	**7,877,139**	8,058,883
		59,988,116	63,674,424	**44,223,208**	48,219,952
8.2	**Finance income**				
	Interest income on related party receivables	**1,182,029**	9,921,963	**4,755,471**	7,900,339
	Interest income on corporate guarantee issued to subsidiary	**4,100,000**	-	**4,100,000**	4,100,001
	Unwinding interest income on interest free employee loans	**681,216**	1,043,545	**461,785**	804,716
		5,963,245	10,965,508	**9,317,256**	12,805,056
	Net finance cost	**(54,024,871)**	(52,708,916)	**(34,905,952)**	(35,414,896)

NOTES TO THE FINANCIAL STATEMENTS

9 PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is stated after charging all expenses including the following:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Depreciation on property, plant and equipment (Note 12.2 & 12.4)	**93,693,697**	90,710,885	**76,778,708**	75,534,863
Amortisation of intangible assets (Note 14.1)	**4,169,170**	1,162,443	**2,768,133**	850,104
Amortisation of lease assets (Note 17)	**1,301,249**	1,301,249	**-**	-
Depreciation of right of use assets (Note 13.1)	**15,314,308**	14,764,223	**-**	-
Provision for inventories (Note 18.2)	**4,363,710**	34,223,246	**636,706**	35,279,891
Personnel cost (Note 9.1)	**716,992,217**	646,002,834	**640,593,223**	581,765,402
Legal and professional fees	**16,092,430**	9,892,497	**16,092,430**	9,892,497
Auditor's remuneration				
- Statutory audit	**1,194,000**	1,091,000	**841,000**	751,000
- Audit-related services	**530,364**	847,157	**530,364**	336,787
- Non-audit services	**1,021,680**	1,021,680	**1,021,680**	1,021,680
Donations	**503,869**	258,080	**436,769**	233,080
Executive directors' emoluments (Note 37.4)	**11,824,688**	17,106,966	**11,824,688**	17,106,966
Non-executive directors' fees	**2,160,000**	2,699,750	**2,160,000**	2,699,750
Selling and distribution expenses (Note 9.2)	**37,473,953**	24,619,610	**19,005,356**	11,870,282

9.1 Personnel cost

	GROUP 2022 Rs.	GROUP 2021 Rs.	COMPANY 2022 Rs.	COMPANY 2021 Rs.
Salaries	**592,711,290**	523,357,053	**530,984,542**	471,879,042
Defined contribution plan- EPF,ETF and MSPS	**32,708,627**	30,513,137	**28,702,303**	27,184,416
Bonus	**79,233,590**	72,124,552	**69,691,272**	64,094,792
Defined benefit plan cost - recognised in profit or loss (Note 26.4)	**12,338,710**	20,008,092	**11,215,106**	18,607,152
Total	**716,992,217**	646,002,834	**640,593,223**	581,765,402

9.2 Selling and distribution expenses

	GROUP 2022 Rs.	GROUP 2021 Rs.	COMPANY 2022 Rs.	COMPANY 2021 Rs.
Outside transport	**19,146,229**	9,253,378	**13,139,140**	5,359,778
Product warranty cost	**18,327,724**	15,366,232	**5,866,216**	6,510,504
Total	**37,473,953**	24,619,610	**19,005,356**	11,870,282

10 INCOME TAX EXPENSE/ (REVERSAL)

ACCOUNTING POLICY

Income tax expense comprises current and deferred tax and is recognised in the income statement. Current tax and deferred tax relating to items recognised directly in equity is recognised in equity and for items recognised in other comprehensive income shall be recognised in other comprehensive income.

The Group has determined that interest and penalties related to income taxes including uncertain tax treatments do not meet the definition of income taxes and therefore accounted for them under LKAS 37 Provisions contingent liabilities and contingent assets.

CURRENT TAX

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

DEFERRED INCOME TAX

Deferred income tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Current tax expense				
Current year (Note 10.1)	**10,060,931**	46,747,233	**2,658,442**	38,075,902
Under/(over) provision in respect of previous years	**278,705**	(3,252,850)	**196,983**	(3,310,050)
	10,339,636	43,494,383	**2,855,425**	34,765,852
Deferred tax expense				
Origination/(reversal) of temporary difference (Note 25)	**81,332**	(61,634,864)	**(344,351)**	(58,064,002)
	81,332	(61,634,864)	**(344,351)**	(58,064,002)
Income tax expense/(reversal) in statement of profit or loss	**10,420,968**	(18,140,481)	**2,511,074**	(23,298,150)

Deferred tax has been computed using the enacted tax rates of 18% applicable for both Group and Company.

NOTES TO THE FINANCIAL STATEMENTS

10 INCOME TAX EXPENSE/ (REVERSAL) (CONTD.)

10.1 Reconciliation between accounting profit and the taxable profit

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Profit before tax	37,517,167	168,718,572	1,667,495	148,975,579
Aggregate disallowable expenses	167,755,964	197,192,385	98,752,271	141,294,587
Aggregate tax deductible expenses	(168,047,806)	(144,797,787)	(85,650,643)	(100,070,712)
Investment income- (Dividend from subsidiary)	-	-	-	12,000,000
Unrealised Profit	1,263,162	-	-	-
Taxable income - Business	38,488,487	221,113,170	14,769,123	202,199,454
Taxable income - Other	13,054,180	5,701,355	-	-
Total taxable Income	51,542,667	226,814,525	14,769,123	202,199,454
Tax at 24%	3,133,003	1,368,325	-	-
Tax at 18%	6,927,928	43,698,908	2,658,442	36,395,902
Tax at 14%	-	1,680,000	-	1,680,000
Tax on profit for the year	10,060,931	46,747,233	2,658,442	38,075,902
Effective tax rate (%)	20	21	18	19

10.2 Deferred tax recognised in other comprehensive income

Group	2022			2021		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	Rs	Rs.	Rs.	Rs	Rs.	Rs.
Defined benefit plan actuarial (losses)	(763,013)	137,342	(625,671)	(3,035,995)	546,479	(2,489,516)
Deferred tax on investment in equity securities	1,975,380	(355,568)	1,619,812	2,864,195	(515,555)	2,348,640
Impact on deffered tax rate change on revaluation reserve	-	-	-	-	41,125,720	41,125,720
Revaluation gain on land & building	134,160,922	(24,148,966)	110,011,956	-	-	-
	135,373,289	(24,367,192)	111,006,097	(171,800)	41,156,644	40,984,844

Company	2022			2021		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	Rs	Rs.	Rs.	Rs	Rs.	Rs.
Defined benefit plan actuarial (losses)	(100,352)	18,063	(82,289)	(2,757,467)	496,344	(2,261,123)
Deferred tax on Investment in equity securities	1,975,380	(355,568)	1,619,812	2,864,195	(515,555)	2,348,640
Impact on deffered tax rate change on revaluation reserve	-	-	-	-	41,125,720	41,125,720
Revaluation gain on land & building	134,160,922	(24,148,966)	110,011,956	-	-	-
	136,035,950	(24,486,471)	111,549,479	106,728	41,106,509	41,213,237

10.3 Applicable tax rates

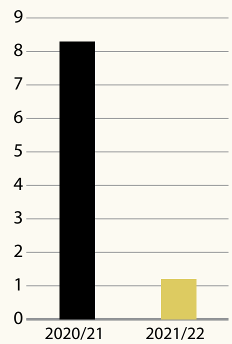
Name of the entity	Taxable income source	Applicable tax rate 2021/22
Regnis (Lanka) PLC	Income from business	**18%**
	Income from investment	**14%**
Regnis Appliances (Pvt) Ltd	Income from business	**18%**
	Income from non business	**24%**

11 EARNINGS PER SHARE (EPS)

ACCOUNTING POLICY

The calculation of diluted earnings per share is based on the profit attributable to owners of the company and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

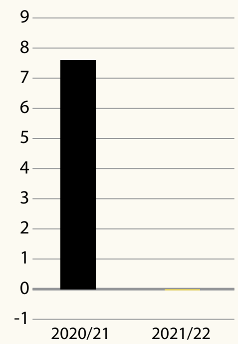
GROUP



1.2
2021/22

8.3
2020/21

COMPANY



-0.04
2021/22

7.6
2020/21

11.1 Profit attributable to ordinary shareholders

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Amounts used as the numerators				
Profit/ (loss) for the year	**27,096,199**	186,859,053	**(843,579)**	172,273,729
Profit/ (loss) for the year, attributable to ordinary shareholders (Rs.)	**27,096,199**	186,859,053	**(843,579)**	172,273,729
Weighted average number of ordinary shares				
Weighted average number of ordinary shares	**22,535,726**	22,535,726	**22,535,726**	22,535,726
Basic/diluted earnings/ (loss) per share (Rs.)	**1.20**	8.29	**(0.04)**	7.64

NOTES TO THE FINANCIAL STATEMENTS

12 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Recognition and measurement

Items of property, plant and equipment are initially measured at cost which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. If significant part of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Basis of recognition

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

Basis of measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day - to - day servicing) as explained in below. The cost of self-constructed assets includes the followings;

- The cost of materials and direct labour;
- Any other costs directly attributable to bringing the asset to a working condition for its intended use.
- When the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing costs.

Subsequent measurement - Cost model

The Company applies the cost model to all property, plant and equipment except for freehold land and freehold building and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Subsequent measurement - Revaluation model

The Company applies the revaluation model for the entire class of freehold land and freehold building for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Freehold land and buildings of the Company are revalued by independent professional valuers every three years or more frequently if the fair values are substantially different from their carrying amounts to ensure that the carrying amounts do not differ from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in revaluation reserve in equity through OCI or used to reverse a previous loss on revaluation of the same asset, which was charged to the Income Statement. In this circumstance, the increase is recognised as income only to the extent of the previous write down in value. Any decrease in the carrying amount is recognised as an expense in the income statement or charged to revaluation reserve in equity through OCI, only to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Any balance remaining in the revaluation reserve in respect of an asset, is transferred directly to retained earnings on retirement or disposal of the asset.

Subsequent costs

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

Repairs and maintenance

Repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

Capital work in progress

Capital work - in - progress is stated at cost. These are expenses of a capital nature directly incurred on property, plant and equipment, awaiting capitalisation.

Useful economic life, residual values and depreciation

Depreciation

The Company provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight-line basis over the periods appropriate to the estimated useful lives of the different types of assets. Depreciation on revalued classes of assets is based on the remaining useful life of the assets at the time of the revaluation. Land is not depreciated.

Depreciation is recognised as an expense in the Income statement in cost of sales expenses.

Useful economic lives, depreciation rate and residual values

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

Class of Asset	Depreciation percentage per annum	Estimated useful life	Residual values
Freehold building	2.50%	40 Years	Nil
Machinery and equipment	8.33%	12 Years	Nil
Tools, dies and gauges	10%	10 Years	Nil
Furniture and fittings	10%	10 Years	Nil
EDP equipment	20%	5 Years	Nil
Motor vehicles	14.29%	7 Years	Nil
Improvement on leasehold premises	-	Over leasehold period/useful life	Nil

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

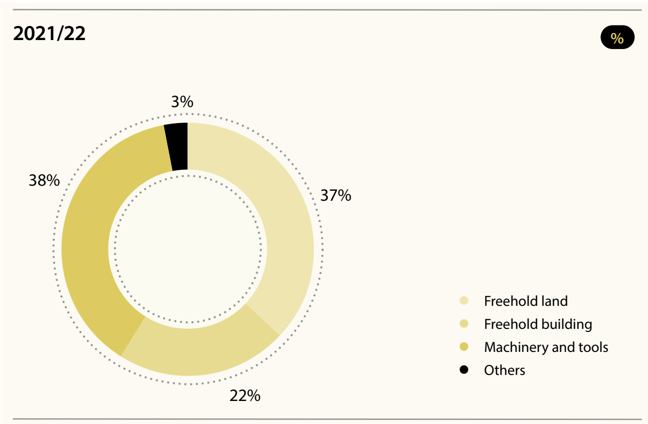
NOTES TO THE FINANCIAL STATEMENTS

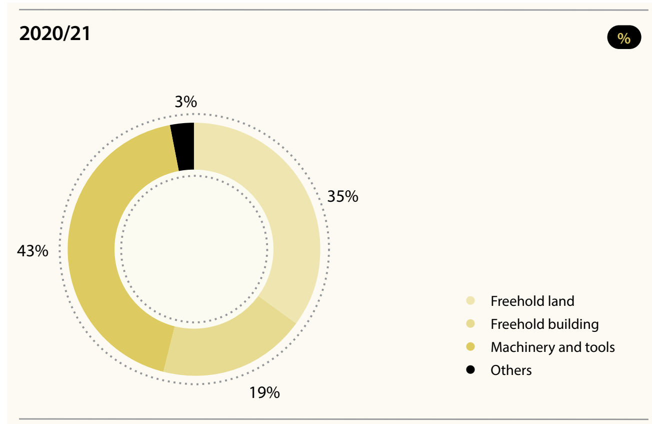
12 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Derecognition

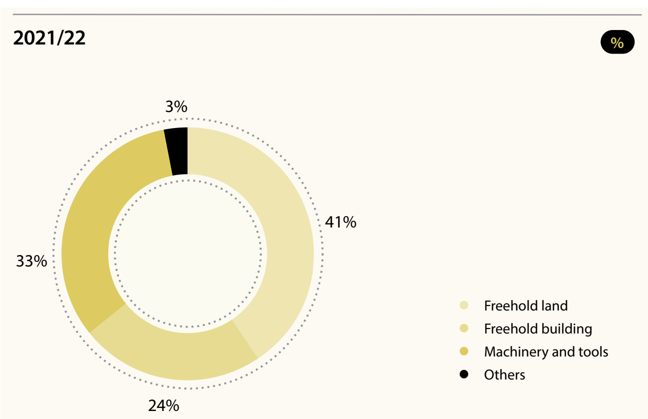
An item of property, plant and equipment is derecognised upon disposal of or when no future economic benefits are expected from it's use or disposal. Gain and losses arising on derecognition of the assets are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'other income' in profit or loss.

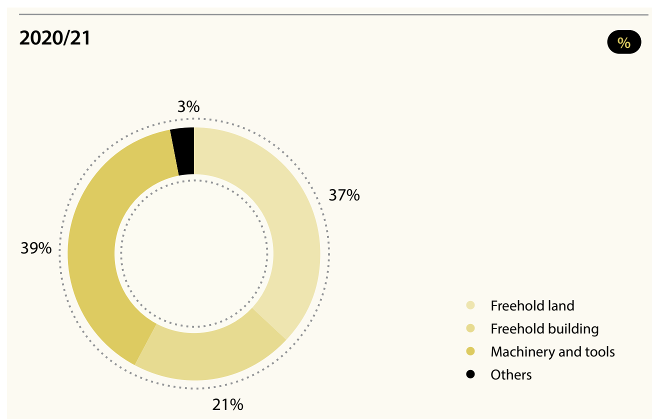
Property, plant and equipment - cost vs carrying value- Group





Property, plant and equipment - cost vs carrying value - Company





12.1 Reconciliation of gross carrying amount of property, plant and equipment- Group

Cost/ Revaluation	Freehold land Rs.	Freehold building Rs.	Machinery and equipment Rs.	Tools, dies and gauges Rs.	Furniture and fittings Rs.	EDP equipment Rs.	Motor vehicles Rs.	Improvement on lease hold premises Rs.	Leasehold asset Rs.	Capital Work-in-progress Rs.	Total Rs.
Balance as at 1 April 2020	423,000,000	257,613,919	688,911,522	307,064,123	9,917,600	20,975,889	8,819,601	5,946,295	1,377,866	16,292,582	1,739,919,397
Additions	-	-	290,000	13,019,210	434,307	537,200	-	-	-	31,477,594	45,758,311
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	(21,079,886)	(21,079,886)
Balance as at 31 March 2021	423,000,000	257,613,919	689,201,522	320,083,333	10,351,907	21,513,089	8,819,601	5,946,295	1,377,866	26,690,290	1,764,597,822
Balance as at 1 April 2021	**423,000,000**	**257,613,919**	**689,201,522**	**320,083,333**	**10,351,907**	**21,513,089**	**8,819,601**	**5,946,295**	**1,377,866**	**26,690,290**	**1,764,597,822**
Additions	**-**	**-**	**42,870,412**	**14,617,298**	**1,538,251**	**5,025,618**	**-**	**-**	**-**	**8,133,010**	**72,184,589**
Disposals	**-**	**-**	**-**	**-**	**-**	**(803,508)**	**-**	**-**	**-**	**-**	**(803,508)**
Transfers	**-**	**(33,480,823)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11,256,952)**	**(44,737,775)**
Surplus on revaluation	**69,100,000**	**65,060,922**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**134,160,922**
Balance as at 31 March 2022	**492,100,000**	**289,194,018**	**732,071,934**	**334,700,631**	**11,890,158**	**25,735,199**	**8,819,601**	**5,946,295**	**1,377,866**	**23,566,348**	**1,925,402,050**

12.2 Accumulated depreciation and impairment losses-Group

Cost/ Revaluation	Freehold land Rs.	Freehold building Rs.	Machinery and equipment Rs.	Tools, dies and gauges Rs.	Furniture and fittings Rs.	EDP equipment Rs.	Motor vehicles Rs.	Improvement on lease hold premises Rs.	Leasehold asset Rs.	Total Rs.
Balance as at 1 April 2020	-	11,125,933	297,543,784	113,155,737	6,763,678	16,242,380	6,651,180	5,946,295	688,933	458,117,920
Depreciation	-	11,177,445	48,203,496	28,019,069	884,163	1,894,069	417,822	-	114,821	90,710,885
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	-	22,303,378	345,747,280	141,174,806	7,647,841	18,136,449	7,069,002	5,946,295	803,754	548,828,805
Balance as at 1 April 2021	**-**	**22,303,378**	**345,747,280**	**141,174,806**	**7,647,841**	**18,136,449**	**7,069,002**	**5,946,295**	**803,754**	**548,828,805**
Depreciation	**-**	**11,177,445**	**49,780,742**	**29,173,340**	**778,935**	**2,267,418**	**400,995**	**-**	**114,822**	**93,693,697**
Disposals / Transfers	**-**	**(33,480,823)**	**-**	**-**	**-**	**(803,508)**	**-**	**-**	**-**	**(34,284,331)**
Balance as at 31 March 2022	**-**	**-**	**395,528,022**	**170,348,146**	**8,426,776**	**19,600,359**	**7,469,997**	**5,946,295**	**918,576**	**608,238,171**
Carrying value as at 31 March 2021	**423,000,000**	**235,310,541**	**343,454,242**	**178,908,527**	**2,704,066**	**3,376,640**	**1,750,599**	**-**	**574,112**	**1,215,769,017**
Carrying value as at 31 March 2022	**492,100,000**	**289,194,018**	**336,543,912**	**164,352,485**	**3,463,382**	**6,134,840**	**1,349,604**	**-**	**459,290**	**1,317,163,879**

* There was no any borrowing cost capitalised in respect of PPE additions.

* Capital work-in-progress represent cost incurred on building and machinery.

NOTES TO THE FINANCIAL STATEMENTS

12 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.3 Reconciliation of gross carrying amount of property, plant and equipment- Company

	Freehold land	Freehold building	Machinery and equipment	Tools, dies and gauges	Furniture and fittings	EDP equipment	Motor vehicles	Capital Work-in-progress	Total
Cost/ Revaluation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April 2020	423,000,000	257,613,919	556,180,199	246,598,537	8,818,755	16,832,496	8,819,601	15,373,082	1,533,236,589
Additions	-	-	290,000	13,019,210	434,307	537,200	-	31,122,517	45,403,234
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	(21,079,886)	(21,079,886)
Balance as at 31 March 2021	423,000,000	257,613,919	556,470,199	259,617,747	9,253,062	17,369,696	8,819,601	25,415,713	1,557,559,937
Balance as at 1 April 2021	**423,000,000**	**257,613,919**	**556,470,199**	**259,617,747**	**9,253,062**	**17,369,696**	**8,819,601**	**25,415,713**	**1,557,559,937**
Additions	**-**	**-**	**488,333**	**13,666,311**	**1,306,235**	**2,809,887**	**-**	**7,833,010**	**26,103,776**
Disposals	**-**	**-**	**-**	**-**	**-**	**(803,508)**	**-**		**(803,508)**
Transfers	**-**	**(33,480,823)**	**-**	**-**	**-**	**-**	**-**	**(9,982,375)**	**(43,463,198)**
Surplus on revaluation	**69,100,000**	**65,060,922**	**-**	**-**	**-**	**-**	**-**	**-**	**134,160,922**
Balance as at 31 March 2022	**492,100,000**	**289,194,018**	**556,958,532**	**273,284,058**	**10,559,297**	**19,376,075**	**8,819,601**	**23,266,348**	**1,673,557,929**

12.4 Accumulated depreciation and impairment losses - Company

	Freehold land	Freehold building	Machinery and equipment	Tools, dies and gauges	Furniture and fittings	EDP equipment	Motor vehicles	Total
Cost/ Revaluation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April 2020	-	11,125,933	212,974,512	98,388,263	6,146,755	13,920,183	6,651,182	349,206,828
Depreciation	-	11,177,445	39,864,841	22,022,432	793,293	1,259,030	417,822	75,534,863
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	-	22,303,378	252,839,353	120,410,695	6,940,048	15,179,213	7,069,004	424,741,691
Balance as at 1 April 2021	**-**	**22,303,378**	**252,839,353**	**120,410,695**	**6,940,048**	**15,179,213**	**7,069,004**	**424,741,691**
Depreciation	**-**	**11,177,445**	**39,852,936**	**23,272,487**	**690,445**	**1,384,400**	**400,995**	**76,778,708**
Disposals / Transfers	**-**	**(33,480,823)**	**-**	**-**	**-**	**(803,508)**	**-**	**(34,284,331)**
Balance as at 31 March 2022	**-**	**-**	**292,692,289**	**143,683,182**	**7,630,493**	**15,760,105**	**7,469,999**	**467,236,068**
Carrying value as at 31 March 2021	**423,000,000**	**235,310,541**	**303,630,846**	**139,207,052**	**2,313,014**	**2,190,483**	**1,750,597**	**1,132,818,246**
Carrying value as at 31 March 2022	**492,100,000**	**289,194,018**	**264,266,243**	**129,600,876**	**2,928,804**	**3,615,970**	**1,349,602**	**1,206,321,861**

* There was no any borrowing cost capitalised in respect of PPE additions.

* Capital work-in-progress represent cost incurred on Tools and Machinery.

12.5 The carrying amount of the revalued assets that would have been included in the financial statements had the assets been carried at cost would amount to Rs. 73,392,899/-.

	Cost	Accumulated depreciation	Carrying amount
	Rs.	Rs.	Rs.
Land	11,742,796	-	11,742,796
Building	111,983,241	**(50,333,138)**	61,650,103
Total carrying amount	123,726,037	**(50,333,138)**	73,392,899

12.6 During the year, Group and the Company acquired property, plant and equipment amounting to Rs. 64,051,579/- (2020-21 -Rs.14,280,717/-) and Rs.18,270,766/- (2020-21 - Rs.14,280,717/-) respectively.

Group and the Company made cash payments of Rs. 60,927,637/- (2020-21 - Rs.24,678,425/-) and Rs. 16,121,430/- (2020-21 - Rs.24,323,348/-) respectively during the year for the purchase of property, plant and equipment.

12.7 The amount of the Property,plant and equipment includes fully-depreciated assets value would be as follows.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Fully depreciated asset	**152,761,920**	147,908,587	**129,917,997**	127,009,195

12.8 Lands and buildings were revalued during the financial year 2021/22 by chartered valuation surveyor Mr. Kalugalagedera, an Independent valuer, who is a corporate and registered valuer in Sri Lanka. He is a fellow member of the Royal Institution of Chartered Surveyors of UK and a Fellow Member of the Institute of Valuers of Sri Lanka. Further, he is a 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 31 March 2022. Such assets were valued on direct capital comparison method. The surplus arising from the revaluation was transferred to a revaluation reserve.

12.9 Property, plant and equipment at fair value

Reconciliation of carrying amount - Land and building

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Balance as at 1 April	**658,310,541**	669,487,986	**658,310,541**	669,487,986
Additions	**-**	-	**-**	-
Change in fair value	**134,160,922**	-	**134,160,922**	-
Depreciation	**(11,177,445)**	(11,177,445)	**(11,177,445)**	(11,177,445)
Balance as at 31 March	**781,294,018**	658,310,541	**781,294,018**	658,310,541

NOTES TO THE FINANCIAL STATEMENTS

12 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.10 Measurement of fair value

(a) Fair value hierarchy

The fair value of property was determined by external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of properties has been categorised as level 3 fair value based on the input to the valuation technique used.

(b) Valuation techniques and significant unobservable inputs

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

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable Inputs and fair value measurements
Direct capital comparison method The Direct capital comparison approach is based on the premise of the "Principle of Substitution". Valuer assess that a rational investor or purchaser will pay no more for the building than the cost of acquiring another similar Building with the same utilities. Land value is based on the market prices of each land respectively. Value of property is considered as summation of land and building value.	Market value of land (Price per Perch). • Valuer has used range of prices for respective lands based on their recently transacted cost. • Construction cost per Square feet of a building. • Depreciation rate for the usage of assets.	The estimated fair value would increase (decrease) if – • Market value per perch was higher (lower) • Cost per square feet was higher (lower) • Depreciation rate for usage lower (higher)

Location	Extent	Market Value as at 31 March 2022	Per Perch Value	Increase +10%	Decrease -10%
		Rs.	Rs.	Rs.	Rs.
Land					
No.52, Ferry Road , Off Borupona Road, Ratmalana.	4A-3R-25P	**492,100,000**	700,000	49,210,000	(49,210,000)
Building					
No.52, Ferry Road , Off Borupona Road, Ratmalana.	16 Number of buildings 122,880 Square foot	**289,193,000**	-	28,919,300	(28,919,300)

13 RIGHT OF USE ASSETS

ACCOUNTING POLICY

Definition of a lease

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

As a lessee

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

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

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

Short term leases and leases of low-value assets

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

Information about leases for which the Group is a lessee is presented below.

Nature of the leasing activities

The Regnis Appliances (Pvt) Ltd has lease contract for its factory premises made for two years of lease term and have extension options.

13.1 Reconciliation of carrying amounts

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Balance as at 1st April	**12,303,518**	27,067,741	**-**	-
Addition to ROU assets	**36,129,477**	-	**-**	-
Depreciation charge for the year	**(15,314,308)**	(14,764,223)	**-**	-
Balance as at 31 March	**33,118,687**	12,303,518	**-**	-

13.2 Amounts recognised in profit or loss

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Interest expense on lease liabilities	**960,504**	2,234,648	**-**	-
Depreciation of right-of-use assets	**15,314,308**	14,764,223	**-**	-
Total	**16,274,812**	16,998,871	**-**	-

13.3 Amounts recognised in profit or loss

The Group has classified the principal portion of lease payments within financing activities and the interest portion within operating activities. During the period the Group has not received cash from leases as the Group is the lessee.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Total cash out flow for leases (Note 32.4)	**31,693,192**	16,464,132	**-**	-
Total	**31,693,192**	16,464,132	**-**	-

Impairment of ROU assets

As at the reporting date, no impairment loss has been recognized by the Group in respect of impairment of right of use assets.

Lease liabilities and related disclosures

The information relating to the movement of lease liabilities, maturity analysis and other disclosures relating to lease liabilities are provided in Note 32.4 respectively.

NOTES TO THE FINANCIAL STATEMENTS

14 INTANGIBLE ASSETS

ACCOUNTING POLICY

Recognition

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 on 'Intangible assets'.

Basis of measurement - Software

Software acquired by the Group is initially measured at cost and subsequently stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation expenditure

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

Intangible asset	Estimated useful life	Residual value	Amortisation method
ERP System	10 Years	Nil	Straight-line basis over the estimated useful life of the ERP system, from the date that it is available for use
Computer Packages	10 Years	Nil	Straight-line basis over the estimated useful life of the software, from the date that it is available for use

14.1 Software

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Cost				
Balance at the beginning of the year	**40,919,687**	5,085,074	**25,964,309**	4,140,074
Acquired during the year	**2,943,500**	35,834,613	**2,943,500**	21,824,235
Balance at the end of the year	**43,863,187**	40,919,687	**28,907,809**	25,964,309
Amortisation				
Balance at the beginning of the year	**3,559,978**	2,397,535	**2,349,889**	1,499,785
Amortisation charge for the year	**4,169,170**	1,162,443	**2,768,133**	850,104
Balance at the end of the year	**7,729,148**	3,559,978	**5,118,022**	2,349,889
Carrying amount				
Balance at the beginning of the year	**37,359,709**	2,687,539	**23,614,420**	2,640,289
Balance at the end of the year	**36,134,039**	37,359,709	**23,789,787**	23,614,420

14.2 During the year, Group and the Company acquired Intangible asset amounting to Rs.2,943,500/- (2020-21 - Rs. 35,834,613/-) and Rs.2,943,500/- (2020-21 - Rs. 21,824,235) respectively.

Group and the Company made cash payments of Rs.2,943,500 /- (2020-21 - Rs. 35,834,613/-) and Rs.2,943,500/- (2020-21 - Rs. 21,824,235/-) respectively during the year for the purchase of Intangible asset.

15 INVESTMENT IN SUBSIDIARY

	Country of incorporation	Holding as at 31.03.2022	No. of shares 31.03.2022	Cost 2022	Cost 2021
		%		Rs.	Rs.
Regnis Appliances (Pvt) Ltd	Sri Lanka	**100**	**15,000,000**	**150,000,000**	150,000,000
Carrying amount as at the end of the year		**100**	**15,000,000**	**150,000,000**	150,000,000

16 INVESTMENT IN EQUITY SECURITIES - UNQUOTED

Equity investments at fair value through other comprehensive income (FVOCI)

The effect of applying SLFRS 9 in the Company's financial instruments is described in Note 4.3.

With the adoption of SLFRS 9, the Company classified its investments in equity shares in Reality Lanka (Pvt) Ltd under fair value through other comprehensive income category.

16.1 Reality (Lanka) Limited

	Holding 31.03.2022	Holding 31.03.2021	Carrying value 31.03.2022	Change in fair value	Carrying value 31.03.2021
	%	%	Rs.	Rs.	Rs.
Total gross carrying amount of investments in equity accounted investees	**9.9**	9.9	**27,280,082**	1,975,380	25,304,702

16.2 Non-Quoted - Related Entities - Group/Company

Movements of FVOCI investment during the year

	Carrying Amount 2022	Carrying Amount 2021
	Rs.	Rs.
Balance as at beginning of the year	**25,304,702**	22,440,507
Change in fair value of FVOCI investment	**1,975,380**	2,864,195
Total carrying amount of investment	**27,280,082**	25,304,702

The Group designated the investment shown above as equity securities at FVOCI. Because these equity securities represent investment that group intends to hold for the long term for strategic purposes. No strategic investments were disposed during 2021/22, and there were no transfers of any cumulative gains or losses within equity relating to these investment.

NOTES TO THE FINANCIAL STATEMENTS

17 PRE-PAID OPERATING LEASES - LEASEHOLD RIGHT

ACCOUNTING POLICY

The non-current and current portion of pre-paid operating lease solely consists of the operating lease paid in advance for the land acquired by the group from Board of investment (BOI) in Sri Lanka.

Amortisation

Amortisation is calculated to write off the cost of leasehold assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful life of leasehold assets with finite life is as follows:

	Period	% Per Annum
Leasehold right	50	2

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

The non-current and current portion of pre- paid operating lease solely consists of the operating lease paid in advance for the land acquired by the group from Board of investment (BOI) in Sri Lanka. The Group amortise the leasehold land over the lease period of 50 years, on straight line basis. The Reconciliation of pre paid operating lease is as follows:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Balance at beginning of the year	**60,616,573**	61,917,822	**-**	-
Amortisation	**(1,301,249)**	(1,301,249)	**-**	-
Balance at end of the year	**59,315,324**	60,616,573	**-**	-

18 INVENTORIES

ACCOUNTING POLICY

Inventories are measured at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

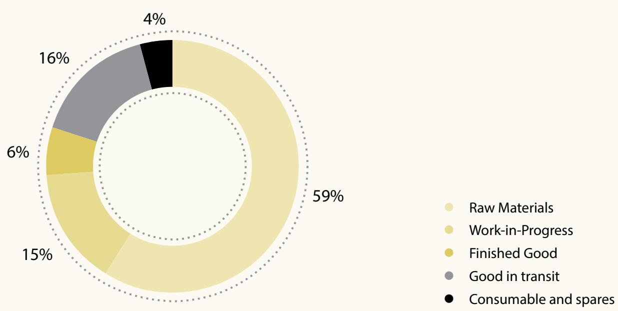
The cost of each category of inventory is determined on the following basis:

Inventory item	Cost recognition criteria
Raw materials	At actual cost
Finished goods and Work-in-progress	At the cost of direct materials, direct labour and an appropriate proportion of production overheads based on normal operating capacity
Goods-in-transit	At actual cost

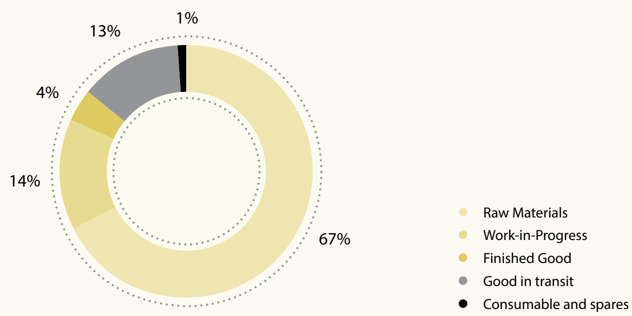
All inventory items are tested for impairment periodically.

GROUP

2021/22 %

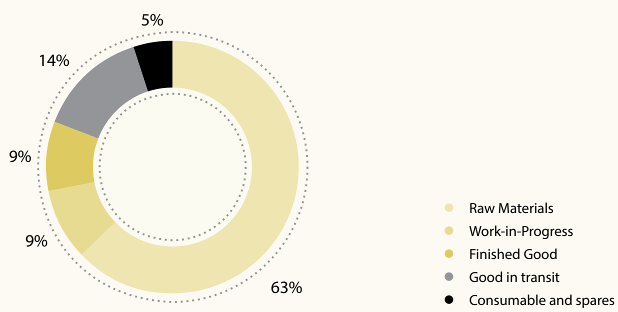


2020/21 %

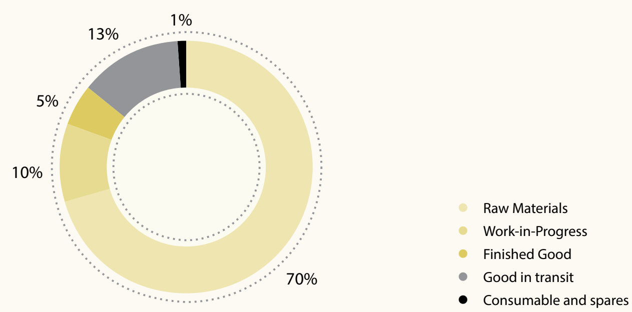


COMPANY

2021/22 %



2020/21 %



18.1 Summary of inventories

		GROUP		COMPANY	
		2022	2021	**2022**	2021
		Rs.	Rs.	**Rs.**	Rs.
Raw materials	at cost	**1,057,067,828**	1,059,320,473	**780,732,515**	761,826,767
Work-in-progress	at cost	**262,238,291**	226,057,937	**115,329,119**	113,400,903
Finished goods	at cost	**113,783,914**	63,751,767	**105,696,386**	58,392,470
Goods-in-transit	at cost	**291,888,107**	212,910,448	**175,668,723**	137,068,278
Consumables and spares	at cost	**64,444,462**	16,231,089	**64,444,462**	16,231,089
		1,789,422,602	1,578,271,714	**1,241,871,205**	1,086,919,507
Less: Provision for inventories		**(68,017,100)**	(63,653,390)	**(45,754,024)**	(45,117,318)
Total inventories		**1,721,405,502**	1,514,618,324	**1,196,117,181**	1,041,802,189

Raw materials, consumables and changes in work-in-progress and finished goods recognised as cost of sales by the Group and Company amounted to Rs. - 6,092,963,401/- (2020-21-Rs. 4,140,353,097/) and Rs. 4,317,021,832/- (2020-21-Rs.2,974,725,219/-) respectively.

NOTES TO THE FINANCIAL STATEMENTS

18 INVENTORIES (CONTD.)

18.2 Provision for Inventory

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Balance at beginning of the year	**63,653,390**	29,762,716	**45,117,318**	10,169,998
Charge for the year	**4,363,710**	34,223,246	**636,706**	35,279,891
Utilised during the year	**-**	(332,572)	**-**	(332,571)
Balance at end of the year	**68,017,100**	63,653,390	**45,754,024**	45,117,318

18.3 There were no inventories pledged as securities for bank facilities obtained by the Group/Company as at 31 March 2022.

19 TRADE AND OTHER RECEIVABLES

		GROUP		COMPANY	
		2022	2021	**2022**	2021
		Rs.	Rs.	**Rs.**	Rs.
19.1	**Non-Current**				
	Operating lease deposits (Note 19.4)	**4,733,438**	-	**-**	-
	Loans to Company employees (Note 19.3)	**1,642,072**	4,772,065	**1,075,810**	3,541,269
		6,375,510	4,772,065	**1,075,810**	3,541,269
19.2	**Current**				
	Advances and trade and other receivables	**333,172,258**	82,551,505	**280,800,198**	71,133,765
	Other taxes recoverable (Note 19.5)	**3,520,692**	4,551,715	**-**	-
		336,692,950	87,103,220	**280,800,198**	71,133,765
	Loans to company employees (Note 19.3)	**1,761,488**	2,251,113	**763,920**	1,853,082
	Rent deposits (Note 19.4)	**-**	3,579,160	**-**	-
		338,454,438	92,933,493	**281,564,118**	72,986,847
	Total	**344,829,948**	97,705,558	**282,639,928**	76,528,116
19.3	**Loans to Company employees**				
	Summary				
	Balance at the beginning of the year	**7,023,178**	9,984,328	**5,394,351**	8,169,526
	Loans granted during the year	**705,000**	-	**-**	-
	Unwinding of interest	**681,216**	1,043,545	**461,785**	804,716
	Less: Recoveries	**(5,005,834)**	(4,004,695)	**(4,016,406)**	(3,579,891)
	Balance at the end of the year	**3,403,560**	7,023,178	**1,839,730**	5,394,351
	Current/Non-current distinction				
	Amount receivable within one year	**1,761,488**	2,251,113	**763,920**	1,853,082
	Amount receivable after one year	**1,642,072**	4,772,065	**1,075,810**	3,541,269
		3,403,560	7,023,178	**1,839,730**	5,394,351

		GROUP		COMPANY	
		2022	2021	**2022**	2021
		Rs.	Rs.	**Rs.**	Rs.
19.4	**Operating lease deposits**				
	Summary				
	Balance at the beginning of the year	-	3,579,160	-	-
	Deposits during the year	**4,733,438**	-	-	-
	Balance at the end of the year	**4,733,438**	3,579,160	-	-
	Current/Non-current distinction				
	Amount receivable within one year	-	3,579,160	-	-
	Amount receivable after one year	**4,733,438**	-	-	-
		4,733,438	3,579,160	-	-

		GROUP		COMPANY	
		2022	2021	**2022**	2021
		Rs.	Rs.	**Rs.**	Rs.
19.5	**Other taxes recoverable**				
	Value added tax (VAT)	**3,520,692**	4,551,715	-	-
		3,520,692	4,551,715	-	-

20 AMOUNTS DUE FROM RELATED PARTIES

			GROUP		COMPANY	
		Relationship	**2022**	2021	**2022**	2021
			Rs.	Rs.	**Rs.**	Rs.
20.1	**Amounts due from Related Parties - Trade**					
	Singer (Sri Lanka) PLC	Parent Company	**1,325,781,381**	752,971,919	**1,003,582,830**	571,562,508
	Regnis Appliances (Pvt) Ltd	Subsidiary	-	-	**2,640,645**	-
	Singer Industries (Ceylon) PLC	Related Entity	**1,414,692**	8,317,242	-	-
			1,327,196,073	761,289,161	**1,006,223,475**	571,562,508
20.2	**Amounts due from Related Parties - Non Trade**					
	Regnis Appliances (Pvt) Ltd	Subsidiary	-	-	**6,188,026**	13,467,693
	Singer Industries (Ceylon) PLC	Related Entity	**823,897**	-	**823,897**	-
			823,897	-	**7,011,923**	13,467,693
	Total		**1,328,019,970**	761,289,161	**1,013,235,398**	585,030,201

Group exposure to credit risks relating to trade and other receivables are disclosed in note 34.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

21 PREPAYMENTS

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Pre-paid rent	**1,531,538**	1,458,608	**-**	-
Pre-paid employee benefit	**768,874**	1,961,595	**497,590**	1,509,455
Other prepayments	**13,722,393**	9,858,659	**11,244,968**	8,765,708
Total	**16,022,805**	13,278,862	**11,742,558**	10,275,163

22 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

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

Bank overdrafts, if any, which form an integral part of cash management, are included as a component of cash and cash equivalents for the purposes of the statement of cash flows. In the statement of financial position, bank overdrafts are included under liabilities.

Components of cash and cash equivalents

		GROUP		COMPANY	
		2022	2021	**2022**	2021
		Rs.	Rs.	**Rs.**	Rs.
22.1	**Favourable cash and cash equivalent balances**				
	Cash at bank	**9,995,932**	5,996,597	**8,175,475**	5,740,159
	Cash in hand	**150,000**	150,000	**100,000**	100,000
	Cash and cash equivalents	**10,145,932**	6,146,597	**8,275,475**	5,840,159
22.2	**Unfavourable cash and cash equivalent balances**				
	Bank overdraft (Note 22.2.1)	**(18,267,300)**	(31,024,177)	**(18,267,300)**	(24,481,220)
	Total cash and cash equivalents for the purpose of statement of cash flows	**(8,121,368)**	(24,877,580)	**(9,991,825)**	(18,641,061)
22.2.1	**Bank/Institution**				
	Commercial Bank	**18,232,066**	23,441,115	**18,232,066**	23,441,115
	National Development Bank	**35,234**	307,433	**35,234**	-
	Sampath Bank	**-**	6,235,524	**-**	-
	Seylan Bank	**-**	1,040,105	**-**	1,040,105
		18,267,300	31,024,177	**18,267,300**	24,481,220

23 STATED CAPITAL

ACCOUNTING POLICY

Ordinary shares in the Company are recognised at the amount paid per ordinary share net of directly attributable issue cost.

23.1 Number of shares - Ordinary shares

	At the beginning of the year 01.04.2021	Issued for cash during the year	Issued for non-cash consideration	**At the end of the year 31.03.2022**
Ordinary shares - Numbers	22,535,726	-	-	**22,535,726**
	22,535,726	-	-	**22,535,726**
Ordinary shares - Value (Rs.)	211,192,425	-	-	**211,192,425**
	211,192,425	-	-	**211,192,425**

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

23.2 Shares held by Group Companies

The shares of the Company held by the Group Companies as at 31 March are as follows:

	COMPANY			
	2022		2021	
	Number	%	Number	%
Singer (Sri Lanka) PLC	**13,137,154**	58.29	13,137,154	58.29
	13,137,154		13,137,154	

24 RESERVES

24.1 Revaluation Reserve

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Revaluation reserve relates to the surplus on revaluation of land and buildings				
The movement of revaluation reserve as follows:				
Balance at the beginning of the year	**460,665,277**	425,097,057	**460,665,277**	425,097,057
Surplus from revaluation of land and building	**134,160,922**	-	**134,160,922**	-
Deferred tax effect on surplus on revaluation	**(24,148,966)**	-	**(24,148,966)**	-
Deferred tax effect on tax rate change	**-**	41,125,720	**-**	41,125,720
Realisation of revaluation surplus	**(5,556,000)**	(5,557,500)	**(5,556,000)**	(5,557,500)
Balance at the end of the year	**565,121,233**	460,665,277	**565,121,233**	460,665,277

The revaluation reserve relates to freehold land and buildings as at the date of revaluation.

NOTES TO THE FINANCIAL STATEMENTS

24 RESERVES (CONTD.)

24.2 Fair value through other comprehensive income

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Balance at the beginning of the year	**6,789,147**	4,440,507	**6,789,147**	4,440,507
Surplus during the year	**1,619,812**	2,348,640	**1,619,812**	2,348,640
Balance at the end of the year	**8,408,959**	6,789,147	**8,408,959**	6,789,147
Total reserves	**573,530,192**	467,454,424	**573,530,192**	467,454,424

With the adoption of SLFRS 09 the Group and Company has classified its available for sales financial assets to fair value through other comprehensive income (FVOCI) category.

25 DEFERRED TAX LIABILITIES

ACCOUNTING POLICY

Deferred income tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities/assets are recognised for all taxable/deductible temporary differences, except:

- When the deferred tax laibility/asset arises from the initial recognition of goodwill or an assets or laibility in a transaction that is not a business combination and, at the time of the transcation, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable/deductible temporary differences associated with investment in subsidiaries and equity accounted investee when the timing of the reversal of the temporary differences can be controlled and it is probable that the emporary differences will not reverse in foreseeable future.

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

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Balance at the beginning of the year	**146,690,679**	249,482,186	**141,179,563**	240,350,074
Origination/(reversal) of temporary difference:				
Recognised in profit or loss	**81,333**	(61,634,863)	**(344,351)**	(58,064,002)
Amount (originating)/reversal during the year-recognised in statement of other comprehensive income				
Deferred tax on re-measurement (losses)/gain on defined benefit obligation	**(137,342)**	(546,479)	**(18,063)**	(496,344)
Deferred tax on equity investments at FVOCI – change in fair value	**355,568**	515,555	**355,568**	515,555
Impact on deferred tax rate change on revaluation reserve	**-**	(41,125,720)	**-**	(41,125,720)
Deferred tax effect on surplus on revaluation	**24,148,966**	-	**24,148,966**	-
Balance at the end of the year	**171,139,204**	146,690,679	**165,321,683**	141,179,563

25.1

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Deferred tax assets	**43,130,142**	40,199,526	**30,659,588**	31,065,880
Deferred tax liabilities	**214,269,346**	186,890,205	**195,981,271**	172,245,443
Net deferred tax liabilities	**171,139,204**	146,690,679	**165,321,683**	141,179,563

25.2 Recognised deferred tax assets and liabilities - Group

	2022		2021	
	Assets	**Liabilities**	Assets	Liabilities
	Rs.	**Rs.**	Rs.	Rs.
Property, plant and equipment	**-**	**121,488,154**	-	110,133,716
Revaluation of land	**-**	**86,464,260**	-	74,026,297
Fair value change of FVOCI investment	**-**	**355,568**	-	515,555
Right of use asset	**-**	**5,961,364**	-	2,214,637
Employee benefits obligation	**26,114,889**	**-**	26,287,196	-
Provision for bonus	**782,365**	**-**	1,029,972	-
Provision for warranty	**8,928,873**	**-**	8,019,234	-
Provision for inventory	**3,732,822**	**-**	2,263,354	-
Lease liability	**3,571,193**	**-**	2,599,771	-
	43,130,142	**214,269,346**	40,199,526	186,890,205
Net deferred tax liabilities	**-**	**171,139,204**	-	146,690,679

Recognised deferred tax assets and liabilities - Company

	2022		2021	
	Assets	**Liabilities**	Assets	Liabilities
	Rs.	**Rs.**	Rs.	Rs.
Property, plant and equipment	**-**	**109,161,443**	-	97,703,590
Revaluation of land	**-**	**86,464,260**	-	74,026,298
Fair value change of FVOCI investment	**-**	**355,568**	-	515,555
Employee benefits obligation	**24,528,995**	**-**	24,972,339	-
Provision for warranty	**6,405,125**	**-**	6,290,518	-
Provision for inventory	**(274,532)**	**-**	(196,976)	-
	30,659,588	**195,981,271**	31,065,880	172,245,443
Net deferred tax liabilities	**-**	**165,321,683**	-	141,179,563

NOTES TO THE FINANCIAL STATEMENTS

26 EMPLOYEE BENEFITS

ACCOUNTING POLICY

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

26.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the income statement in the periods when they incurred.

Employees are eligible for Employees' Provident Fund contributions, Mercantile Services Provident Society and Employees' Trust Fund contributions in line with respective rules and regulations. The Group contributes 12%, 12% and 3% of gross emoluments of employees to Employees' Provident Fund, Mercantile Services Provident Society and Employees' Trust Fund respectively and is recognised as an expense in profit or loss in the periods during which services are rendered by employees.

Following contributions have been made to Employees' Provident Fund, Mercantile Services Provident Society Fund and Employees' Trust Fund during the year.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Employees' Provident Fund (EPF)				
Employer's contribution (12%)	**18,265,859**	16,952,042	**15,762,800**	14,749,558
Employees' contribution (8%)	**12,177,239**	11,301,362	**10,508,533**	9,833,039
Mercantile Services Provident Society (MSPS)				
Employer's contribution (12%)	**7,901,042**	7,173,822	**7,199,042**	6,713,388
Employees' contribution (12%)	**7,901,042**	7,173,822	**7,199,042**	6,713,388
Employees' Trust Fund (ETF) (3%)	**6,541,726**	6,031,538	**5,740,461**	5,365,736

26.2 Defined benefit plans - Provision for employee benefits

The Group net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method, recommended by the Sri Lanka Accounting Standard – LKAS 19 on 'Employee Benefits'. Under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service the liability is not externally funded. Recognition of actuarial gain/(Losses) re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking in to account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relate to past service or the gains or loss on curtailment is recognized immediately in profit or loss. The group recognizes gains & losses on the settlement of a defined benefit plan when a settlement occurs.

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

Valuation of employee benefit obligation

As at 31 March 2022, the gratuity liability was actuarially valued by a qualified actuary Mr. M Poopalanathan, of Actuarial & Management Consultants (Pvt) Limited who is a qualified Actuary, Associate of the Institute and Faculty of Actuaries, UK .

26.3 Actuarial assumptions

Actuarial assumptions	Criteria	Description
Demographic assumptions	Mortality - In service	A1967/70 Mortality table issued by the Institute of Actuaries, London (ultimate mortality table)
	Staff withdrawal rate	The staff turnover rate at an age represents the probability of an employee leaving within one year of that age due to reasons other than death, ill health and normal retirement. The withdrawal rate of Regnis (Lanka) PLC 4% (2021 4%), Regnis Appliances (Pvt) Ltd 3% (2021 3%)
	Normal retirement age	The employees who are aged over the specified retirement age have been assumed to retire on their respective next birthdays. Management staff -60 years (2021 60 yrs.) / Non-management staff 55 - 60 years (2021 55 yrs.)
Financial assumptions	Rate of discount	Change in economic environment causes an increase in corporate bond yields which is used as the discount rate for valuation will decrease the value of liabilities and vice versa 2021 15% p.a (2020 8% p.a)
	Salary increases	A salary increment of 13.5% p.a. (2020/21 – 7% p.a.) has been used in respect of the active employees

As at 31 March 2022 average past service and future working life time of an employee of the company is,

Average past service	17.36 years
Average future working life time	11.56 years

26.4 Movement in the present value of employee benefits

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Present value of unfunded gratuity	**145,082,721**	146,039,975	**136,272,198**	138,735,216
Total present value of the obligation	**145,082,721**	146,039,975	**136,272,198**	138,735,216
Provision for employee benefits movement in the present value of employee benefits				
Balance at the beginning of the year	**146,039,975**	126,522,268	**138,735,216**	120,792,281
Past service costs	**(6,200,883)**	-	**(5,869,882)**	-
Current service costs	**7,418,754**	7,355,864	**6,537,310**	6,527,923
Interest costs	**11,120,839**	12,652,228	**10,547,678**	12,079,229
Adjustment due to transfer of employees	**-**	486,129	**-**	486,129
Actuarial loss on obligation	**763,013**	3,035,995	**100,352**	2,757,467
Benefits paid during the year	**(14,058,977)**	(4,012,509)	**(13,778,476)**	(3,907,813)
Balance at the end of the year	**145,082,721**	146,039,975	**136,272,198**	138,735,216

NOTES TO THE FINANCIAL STATEMENTS

26 EMPLOYEE BENEFITS (CONTD.)

26.5 Expenses recognised in income statement

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Interest cost	**11,120,839**	12,907,170	**10,547,678**	12,079,229
Current service costs	**7,418,754**	7,100,922	**6,537,310**	6,527,923
Past service costs	**(6,200,883)**	-	**(5,869,882)**	-
Total expenses recognised in income statement	**12,338,710**	20,008,092	**11,215,106**	18,607,152

During 2021/22, the pension arrangement was adjusted to reflect new legal requirements as per minimum retirement age of Workers Act number 28 of 2021.As a result of the plan amendment, the Group/Company defined benefit obligation decrease by Rs. 6,200,883 & Rs. 5,869,882 respectively. A corresponding past service credit was recorgnised in profit & loss during 2021/22.

		GROUP		COMPANY	
		2022	2021	**2022**	2021
		Rs.	Rs.	**Rs.**	Rs.
26.6	**Actuarial losses recognised in statement of profit or loss and other comprehensive income**				
	Actuarial (gains)/ losses due to changes in assumptions	**(788,389)**	159,831	**(558,879)**	331,148
	Actuarial losses due to changes in experience	**1,551,402**	2,876,164	**659,231**	2,426,319
	Total actuarial losses	**763,013**	3,035,995	**100,352**	2,757,467
26.7	**Maturity analysis of the payments**				
	Within next 12 months	**9,471,268**	18,591,745	**9,140,685**	17,965,773
	Between 1 to 5 years	**53,373,410**	53,100,159	**51,901,339**	52,419,923
	Between 5 to 10 years	**49,215,914**	55,985,114	**47,485,893**	50,136,602
	Beyond 10 years	**33,022,129**	18,362,957	**27,744,281**	18,212,918
	Total	**145,082,721**	146,039,975	**136,272,198**	138,735,216

The required accounting provision of the Group as at 31 March 2022 has been determined based on the recommendation of Actuarial report.

26.8 Sensitivity of assumptions used

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

		Effect			
		2022		2021	
		Group	**Company**	Group	Company
		Rs.	**Rs.**	Rs.	Rs.
(a)	**Discount rate**				
	Increase by one percentage point - (Decrease)	**(9,636,917)**	**(8,688,182)**	(7,698,612)	(6,815,105)
	Decrease by one percentage point - Increase	**10,831,592**	**9,705,942**	7,053,764	6,291,404
(b)	**Salary increment rate**				
	Increase by one percentage point - Increase	**11,471,135**	**10,305,180**	7,157,918	6,399,884
	Decrease by one percentage point - (Decrease)	**(10,348,719)**	**(9,353,060)**	(7,958,122)	(7,063,399)

27 TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

TRADE PAYABLES

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

OTHER PAYABLES

Other liabilities include accruals, advances and liabilities for government institutions and these liabilities are recorded at the amounts that are expected to be paid.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Trade payables	**1,577,959,414**	892,214,486	**1,145,478,689**	620,412,913
Sundry creditors and accrued expenses (Note 27.1)	**103,026,156**	89,372,228	**50,990,661**	45,155,723
Value added tax and other tax payable	**36,543,313**	19,787,162	**30,235,186**	19,460,405
Total trade and other payable	**1,717,528,883**	1,001,373,876	**1,226,704,536**	685,029,041
27.1 Sundry creditors and accrued expenses				
Sundry creditors	**1,675,884**	1,303,909	**1,114,620**	1,123,524
Accrued expenses	**101,350,272**	88,068,319	**49,876,041**	44,032,199
Total	**103,026,156**	89,372,228	**50,990,661**	45,155,723

28 AMOUNTS DUE TO RELATED PARTIES

28.1 Amounts due to Related Parties - Trade

		GROUP		COMPANY	
		2022	2021	**2022**	2021
	Relationship	**Rs.**	Rs.	**Rs.**	Rs.
Regnis Appliances (Pvt) Ltd	Subsidiary	**-**	-	**201,763,523**	90,569,875
Singer Industries (Ceylon) PLC	Related Entity	**39,092,730**	24,080,430	**508,588**	300,163
Advantis Freight (Pvt) Ltd	Affiliate Company	**10,115,895**	-	**3,702,881**	-
CEVA Logistics Lanka Pvt Ltd	Affiliate Company	**172,467**	-	**172,467**	-
Mountain Hawk Express (Pvt) Ltd	Affiliate Company	**15,357**	-	**15,357**	-
Puritas (Pvt) Ltd	Affiliate Company	**150,001**	-	**150,001**	-
Uni Dil Packing (Pvt) Ltd	Affiliate Company	**11,828,135**	-	**8,376,309**	-
Hayleys Aventura (Pvt) Ltd	Affiliate Company	**69,797,700**	-	**-**	-
		131,172,285	24,080,430	**214,689,126**	90,870,038

NOTES TO THE FINANCIAL STATEMENTS

28 AMOUNTS DUE TO RELATED PARTIES (CONTD.)

		GROUP		COMPANY	
		2022	2021	**2022**	2021
	Relationship	**Rs.**	Rs.	**Rs.**	Rs.
28.2 Amounts due to Related Parties - Non Trade					
Singer (Sri Lanka) PLC	Parent	**83,939,531**	19,314,752	**83,939,531**	15,111,239
Hayleys PLC	Ultimate parent	**1,768,038**	678,562	**1,389,867**	593,063
Singer Industries (Ceylon) PLC	Related entity	**3,613,912**	2,851,202	**-**	-
Hayleys Business Solutions International (Pvt) Ltd	Affiliate Company	**43,254**	-	**37,908**	-
		89,364,735	22,844,516	**85,367,306**	15,704,302
Total		**220,537,020**	46,924,946	**300,056,432**	106,574,340

The Group exposure to required risk related to trade and other payable is disclosed in Note 34.1 to the financial statements.

29 PROVISIONS

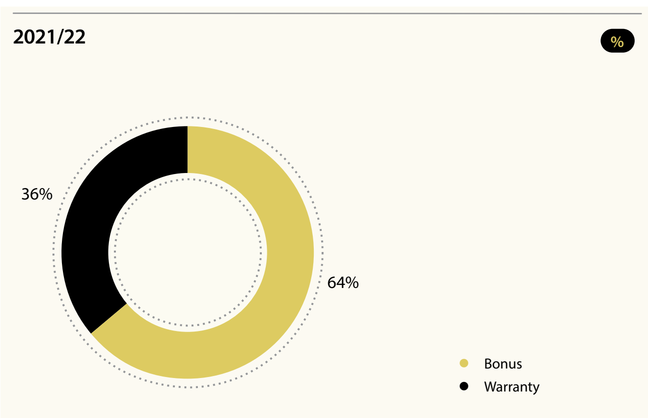
ACCOUNTING POLICY

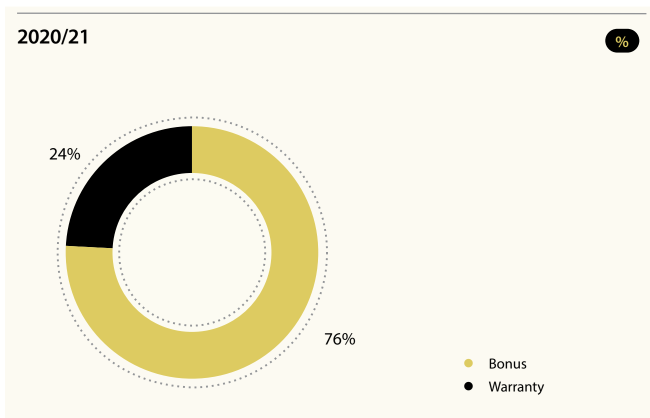
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

WARRANTY

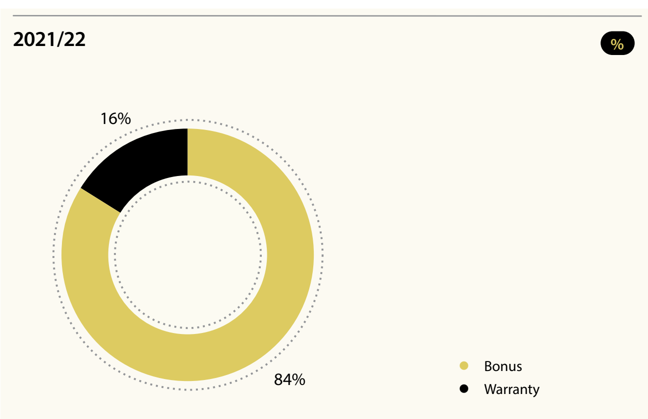
Warranty provision has been recognized for the expected warranty claims on products manufactured at Regnis. The provision is based on last twelve months warranty claims received and the current annual turnover.

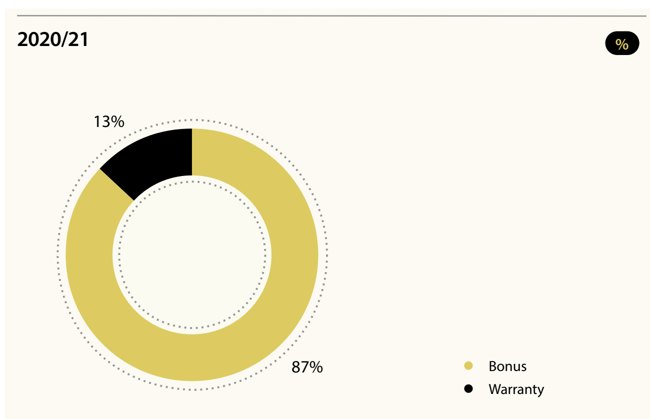
GROUP





COMPANY





29.1 Provisions - Group

	2022			2021
	Warranties	**Bonus**	**Total**	Total
	Rs.	**Rs.**	**Rs.**	Rs.
Balance at the beginning of the year	**16,331,927**	**52,315,322**	**68,647,249**	9,684,317
Provision made during the year	**18,327,725**	**87,528,084**	**105,855,809**	87,490,782
Utilised during the year	**(14,341,744)**	**(103,433,492)**	**(117,775,236)**	(28,527,850)
Balance at the end of the year	**20,317,908**	**36,409,914**	**56,727,822**	68,647,249

Warranties: A provision of Rs.18,327,725/- has been recognised for expected future warranty claims for products sold.

Bonus: A provision of Rs.87,528,084/- has been recognised for expected bonus payable for all employees employed as at 31 March 2022.

29.2 Provisions - Company

	2022			2021
	Warranties	**Bonus**	**Total**	Total
	Rs.	**Rs.**	**Rs.**	Rs.
Balance at the beginning of the year	**6,727,950**	**46,593,253**	**53,321,203**	348,420
Provision made during the year	**5,866,217**	**77,985,766**	**83,851,983**	70,605,294
Utilised during the year	**(6,297,083)**	**(92,515,575)**	**(98,812,658)**	(17,632,511)
Balance at the end of the year	**6,297,084**	**32,063,444**	**38,360,528**	53,321,203

Warranties: A provision of Rs.5,866,217/- has been recognised for expected future warranty claims for products sold.

Bonus: A provision of Rs.77,985,766/- has been recognised for expected bonus payable for all employees employed as at 31 March 2022.

30 INCOME TAX

30.1 Income tax recoverable

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Income tax recoverable	**8,704,040**	4,984,024	**8,704,040**	4,984,024
30.2 Income tax payable				
Income tax payable	**1,619,827**	3,284,617	**-**	-
30.3 Income tax (recoverable)/payable				
Balance at the beginning of the year	**(1,699,407)**	(45,193,790)	**(4,984,024)**	(39,749,876)
Tax on profit for the year (Note 10.1)	**10,060,931**	46,747,233	**2,658,442**	38,075,902
Under/(over) provision in respect of previous year	**278,705**	(3,252,850)	**196,983**	(3,310,050)
Current tax expense for the year (Note 10)	**10,339,636**	43,494,383	**2,855,425**	34,765,852
Payments made during the year	**(15,724,442)**	-	**(6,575,441)**	-
Net income tax recoverable	**(7,084,213)**	(1,699,407)	**(8,704,040)**	(4,984,024)
Income tax recoverable	**(8,704,040)**	(4,984,024)	**(8,704,040)**	(4,984,024)
Income tax payable	**1,619,827**	3,284,617	**-**	-
	(7,084,213)	(1,699,407)	**(8,704,040)**	(4,984,024)

NOTES TO THE FINANCIAL STATEMENTS

31 DIVIDENDS PAYABLE

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Balance at the beginning of the year	**64,778,376**	75,739,760	**64,778,376**	75,739,760
Final dividends - (2021 Rs. 2.60)	**-**	58,592,888	**-**	58,592,888
Dividend claimed during year	**(57,855,929)**	(69,554,272)	**(57,855,929)**	(69,554,272)
Unclaimed dividend recognized in Other Income	**(3,478,368)**	-	**(3,478,368)**	-
Unclaimed dividend as at end of the year	**3,444,079**	64,778,376	**3,444,079**	64,778,376

32 LOANS AND BORROWINGS

32.1 Payable within one year

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Short-term bank loans (Note 32.2)	**698,278,187**	514,570,173	**421,452,132**	334,527,703
Interest payable	**489,863**	515,760	**346,769**	395,805
Total	**698,768,050**	515,085,933	**421,798,901**	334,923,508

32.2 Short-Term Loans

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Balance at the beginning of the year	**514,570,173**	467,793,315	**334,527,703**	298,042,635
Obtained during the year	**4,172,137,836**	3,458,763,480	**2,810,305,813**	2,601,314,112
Repayments during the year	**(3,988,429,822)**	(3,411,986,622)	**(2,723,381,384)**	(2,564,829,044)
Balance at the end of the year	**698,278,187**	514,570,173	**421,452,132**	334,527,703

32.3 Loan from Related Company -Singer (Sri Lanka) PLC

Balance at the beginning of the year	-	46,000,000	-	46,000,000
Repayments during the year	-	(46,000,000)	-	(46,000,000)
Balance at the end of the year	-	-	-	-

32.4 Lease liabilities

Please refer Note 4.8 for accounting policy relating to leases under SLFRS 16.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Lease liabilities as at 1st April	**14,443,169**	28,672,655	-	-
Recognition of new lease agreement during the period	**36,129,477**	-	-	-
Payment of lease liabilities	**(31,693,192)**	(16,464,132)	-	-
Accrual interest	**960,504**	2,234,648	-	-
Cumulative lease liabilities as at 31 March	**19,839,958**	14,443,171	-	-

Maturity analysis – Contractual cash flows

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Current/Non-current distinction				
Less than one year	**9,119,997**	14,443,169	**-**	-
Between one and five years	**10,719,961**	-	**-**	-
More than five years	**-**	-	**-**	-
	19,839,958	14,443,169	**-**	-

32.5 Group

Terms and conditions of outstanding loans were as follows

	Lender	Carrying amount	
		2022	2021
		Rs.	Rs.
Short- term	Hatton National Bank	**200,000,000**	200,000,000
	Seylan Bank	**100,000,000**	-
	National Development Bank	**-**	140,000,000
	Sampath Bank	**150,000,000**	46,000,000
Trust receipt	Commercial Bank	**68,767,320**	-
	Hatton National Bank	**32,855,168**	53,608,953
	Sampath Bank	**75,518,825**	74,961,221
	Seylan Bank	**13,668,000**	-
	National Development Bank	**57,468,874**	-
Interest payable		**489,863**	515,360
Loans and borrowings		**698,768,050**	515,085,534

Securities for the above facilities are as follows.
- Corporate Guarantee executed by Singer (Sri Lanka) PLC for Rs. 455.50 Mn for the facilities granted to Regnis (Lanka) PLC .
- Corporate Guarantee executed by Regnis (Lanka) PLC for Rs. 410.0 Mn for the facilities granted to Regnis Appliances (Pvt) Ltd.

32.6 Company

	Lender	Carrying amount	
		2022	2021
		Rs.	Rs.
Short- term	Hatton National Bank	**100,000,000**	200,000,000
	Seylan Bank	**100,000,000**	50,000,000
	Sampath Bank	**50,000,000**	-
Trust receipt	Commercial Bank	**68,767,320**	-
	Hatton National Bank	**32,855,168**	53,608,953
	Sampath Bank	**5,812,125**	30,918,751
	Seylan Bank	**13,668,000**	-
	National Development Bank	**50,349,519**	-
Interest payable		**346,769**	395,805
Loans and borrowings		**421,798,901**	334,923,509

Securities for the above facilities are as follows.
- Corporate Guarantee executed by Singer (Sri Lanka) PLC for Rs. 455.50 Mn for the facilities granted to Regnis (Lanka) PLC ..
- The Group's exposure to credit risk and liquidity risk is given in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

33 DIVIDENDS

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Dividends - (2020/21 - Rs.2.60)	-	58,592,888	-	58,592,888
	-	58,592,888	-	58,592,888

The board of directors of the company neither paid any final dividend nor recommended a final dividend for the year 2021/22.

34 FINANCIAL INSTRUMENTS

34.1 Financial risk management -Overview

The Group has exposure to the following risks arising form financial instrument.

- Credit risk
- Market risk
- Liquidity risk

The note presents information about Group's exposure to each of above risks, the Group's objectives, policies and processes measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of directors has overall responsibility for the establishment and oversight of the Group risk management framework.

The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

The board of directors oversees how management monitor compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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

34.1.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fail to meet contractual obligations. Credit risk arises principally from the Group's receivables from related parties and placement of deposits.

Guarantees

The Group policy is to provide financial guarantees only to the affiliate companies.
The Company has provided financial guarantees to the wholly-owned subsidiary.
Details of the guarantees are given in Note 32.5 to this report.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting date was :

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Trade and other receivables	**319,953,421**	97,705,558	**261,284,093**	76,528,116
Amounts due from related parties (Note 20)	**1,328,019,970**	761,289,161	**1,013,235,398**	585,030,201
Cash at bank (Note 22.1)	**9,995,932**	5,996,597	**8,175,475**	5,740,159
Investment in equity securities-FVOCI (Note 16.1)	**27,280,082**	25,304,702	**27,280,082**	25,304,702
Total	**1,685,249,405**	890,296,018	**1,309,975,048**	692,603,178

Trade and other receivables

The maximum exposure to credit risk for related party and trade other receivables at the end of the reporting date was:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Trade and other receivables	**319,953,421**	97,705,558	**261,284,093**	76,528,116
Amounts due from related parties (Note 20)	**1,328,019,970**	761,289,161	**1,013,235,398**	585,030,201
Total	**1,647,973,391**	858,994,719	**1,274,519,491**	661,558,317

Maximum exposure to credit risk for receivables at the reporting date by type of counter-party was:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Singer (Sri Lanka) PLC	**1,325,781,381**	752,971,919	**1,003,582,830**	571,562,508
Singer Industries (Ceylon) PLC	**2,238,589**	8,317,242	**823,897**	-
Regnis Appliances (Pvt) Ltd	**-**	-	**8,828,671**	13,467,693
Loans to company employees (Note 19.3)	**3,403,560**	7,023,178	**1,839,730**	5,394,351
Advances, trade and other receivables	**316,549,861**	86,130,665	**259,444,363**	71,133,765
Total	**1,647,973,391**	854,443,004	**1,274,519,491**	661,558,317

The Group's principal customer, Singer (Sri Lanka) PLC, settles dues on a four-week credit term.

Loans are given to permanent confirmed employees and are deducted from the salaries as per the terms of granting the loan.

Company has adequate security over the vehicle loans granted.

The credit quality of financial assets which are neither past due nor impaired can be assessed by reference to historical information on counter-party default rates. All receivables of the Company has a history of zero defaults. None of the above assets are impaired.

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL INSTRUMENTS (CONTD.)

Cash at bank

Both the Group/Company held cash at bank of Rs.9,995,932/- and 8,175,475/- respectively- as at 31 March 2022. The cash at bank are held with reputed commercial banks.

	GROUP		COMPANY	
Fitch rating	**2022**	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
AA-	**2,930,174**	2,758,356	**2,716,700**	2,501,918
AA-	**2,388,538**	465,938	**951,455**	465,938
AA-	**630,286**	60,501	**630,286**	60,501
A+	**74,436**	373,909	**74,436**	373,909
AA-	**27,489**	682,743	**27,489**	682,743
A+	**630,025**	1,644,393	**460,125**	1,644,393
A	**3,314,984**	10,757	**3,314,984**	10,757
Total bank balance	**9,995,932**	5,996,597	**8,175,475**	5,740,159

34.1.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations related to its financial liabilities, through settlement by cash or financial assets. Liquidity risk is managed by the Group by ensuring as much as possible, sufficient liquidity to meet liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or tarnishing the Group's reputation.

Liquidity issues can have an adverse impact on ongoing operations as well as investment decisions of the Group. In order to minimise the risk, the Company regularly reviews its liquidity position and reports to the Board. Future cash requirements are ascertained through continuous rolling forecasts. Further, the expected cash inflows from trade receivables, outflows from trade payables and imports are closely monitored by the Group.

The Group also maintains excellent relationships with banks, it has dealings with and enjoys substantial banking facilities. The Group aims to maintain banking facilities in excess of expected funding requirement. The table below highlights the lines of credit and utilised facilities as at 31 March 2022.

	GROUP		COMPANY	
	2022		**2022**	
	Facility amounts	Utilisation	**Facility amounts**	Utilisation
	Rs.	Rs.	**Rs.**	Rs.
Short-term loans	**650,000,000**	450,000,000	**400,000,000**	250,000,000
Import loans	**315,000,000**	248,252,132	**215,000,000**	171,452,132
Bank overdraft	**260,000,000**	18,267,300	**195,000,000**	18,267,300
	1,225,000,000	716,519,432	**810,000,000**	439,719,432
Letter of credit facility vs utilisation	**2,144,000,000**	1,302,778,043	**1,534,000,000**	772,814,954
Total borrowings with Letter of credit	**3,369,000,000**	2,019,297,475	**2,344,000,000**	1,212,534,386

In addition, the treasury of the parent Company, Singer (Sri Lanka) PLC also assists the Company by providing funds at competitive rates in times of need.
This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.
The following are the contractual maturities of financial liabilities, including estimated interest payments:

Group

	Contractual cash flows						
31 March 2022	**Carrying amount**	**Contractual cash flows**	**1 Month**	**2 Months**	**3-12 Months**	**1-2 Years**	**Over 2 Years**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs**
Bank loans	**698,768,050**	**718,629,336**	**69,827,446**	**23,715,321**	**625,086,569**	**-**	**-**
Bank overdraft	**18,267,300**	**18,267,300**	**18,267,300**	**-**	**-**	**-**	**-**
Trade payables	**1,577,959,414**	**1,577,959,414**	**1,577,959,414**	**-**	**-**	**-**	**-**
Amounts due to related parties	**220,537,020**	**220,537,020**	**220,537,020**	**-**	**-**	**-**	**-**

Group

	Contractual cash flows						
31 March 2021	Carrying amount	Contractual cash flows	1 Month	2 Months	3-12 Months	1-2 Years	Over 2 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs
Bank loans	515,085,933	516,311,909	516,311,909	-	-	-	-
Bank overdraft	31,024,177	31,024,177	31,024,177	-	-	-	-
Trade and other payables	1,001,373,876	1,001,373,876	1,001,373,876	-	-	-	-
Amounts due to related parties	46,924,946	46,924,946	46,924,946	-	-	-	-

Company

	Contractual cash flows						
31 March 2022	**Carrying amount**	**Contractual cash flows**	**1 Month**	**2 Months**	**3-12 Months**	**1-2 Years**	**Over 2 Years**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs**
Bank loans	**421,798,901**	**431,992,470**	**66,347,564**	**9,976,450**	**355,668,456**	**-**	**-**
Bank overdraft	**18,267,300**	**18,267,300**	**18,267,300**	**-**	**-**	**-**	**-**
Trade payables	**1,145,478,689**	**1,145,478,689**	**1,145,478,689**	**-**	**-**	**-**	**-**
Amounts due to related parties	**300,056,432**	**300,056,432**	**300,056,432**	**-**	**-**	**-**	**-**

Company

	Contractual cash flows						
31 March 2021	Carrying amount	Contractual cash flows	1 Month	2 Months	3-12 Months	1-2 Years	Over 2 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs
Bank loans	334,923,508	336,149,884	336,149,884	-	-	-	-
Bank overdraft	24,481,220	24,481,220	24,481,220	-	-	-	-
Trade and other payables	685,029,041	685,029,041	685,029,041	-	-	-	-
Amounts due to related parties	106,574,340	106,574,340	106,574,340	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL INSTRUMENTS (CONTD.)

34.1.3 Market risk

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

a) Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective financial currencies of Group entities. The currency in which these transactions primarily are denominated in US Dollars. The currency risk is limited by the short-term nature of the period between the dates of the purchase and settlements of the related liability.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	USD	USD	USD	USD
Trade payables	**4,562,609**	3,616,780	**3,236,898**	2,451,422
Net exposure	**4,562,609**	3,616,780	**3,236,898**	2,451,422

On reporting date Book rate was USD 1 = LKR 310 (2021 - USD 1 = LKR 199.83)

Sensitivity Analysis

Group

At 31 March 2022, the pre-tax profit and shareholder equity of the Group would be (Rs. '000) 495,043 (2021- 43,364), (higher/lower) based on the appreciation/depreciation of the Sri Lankan Rupee by 35% (2021- 6%) against the USD, due to the USD denominated trade payables.

	Equity		Profit and loss	
As at 31 March 2022	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
	Rs '000	**Rs '000**	**Rs '000**	**Rs '000**
USD (35% movement)	**(495,043)**	**495,043**	**(495,043)**	**495,043**

	Equity		Profit and loss	
As at 31 March 2021	Appreciation	Depreciation	Appreciation	Depreciation
	Rs '000	Rs '000	Rs '000	Rs '000
USD (6% movement)	(43,364)	43,364	(43,364)	43,364

Company

At 31 March 2022, the pre-tax profit and shareholder equity of the Company would be (Rs. '000) 351,203 (2021 - 29,392), (higher/lower) based on the appreciation/depreciation of the Sri Lankan rupee by 35% (2021-6%) against the USD, due to the USD denominated trade payables.

	Equity		Profit and loss	
As at 31 March 2022	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
	Rs '000	**Rs '000**	**Rs '000**	**Rs '000**
USD (35% movement)	**(351,203)**	**351,203**	**(351,203)**	**351,203**

	Equity		Profit and loss	
As at 31 March 2021	Appreciation	Depreciation	Appreciation	Depreciation
	Rs '000	Rs '000	Rs '000	Rs '000
USD (6% movement)	(29,392)	29,392	(29,392)	29,392

(b) Interest rate risk

The Group adopts a policy of ensuring borrowings are maintained at manageable levels while optimising returns. Interest rates are negotiated leveraging on the strength of the Singer Group and thereby ensuring the availability of cost-effective funding at all times, while minimising the negative effect of market fluctuations. In addition, Company has considerable banking facilities with several reputed banks which has enabled the Company to negotiate competitive rates.

The Group manages its Interest rate risk by monitoring and managing cash flows, negotiating favourable rate on borrowings and deposits including and maintaining and appropriate combination of fixed and variable rate debt.

Interest bearing assets	No such assets
Interest bearing liabilities	Bank overdrafts
	Short term loans
	Import loans

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

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Fixed rate instruments				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
Variable rate instruments				
Financial assets	-	-	-	-
Financial liabilities	**717,035,350**	546,110,110	**440,066,201**	359,404,728
	717,035,350	546,110,110	**440,066,201**	359,404,728

Cash flow sensitivity for variable rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased/ decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant:

	GROUP		COMPANY	
	1% Increase	**1% Decrease**	1% Increase	1% Decrease
	Rs.' 000	**Rs.' 000**	Rs.' 000	Rs.' 000
As at 31 March 2022				
Variable rate instruments	**7,170**	(7,170)	**4,400**	(4,400)
Cash flow sensitivity (net)	**7,170**	(7,170)	**4,400**	(4,400)
As at 31 March 2021				
Variable rate instruments	**5,461**	(5,461)	**3,594**	(3,594)
Cash flow sensitivity (net)	**5,461**	(5,461)	**3,594**	(3,594)

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL INSTRUMENTS (CONTD.)

34.1.4 Capital management

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

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

The capital structure of the Group consists of net debt (borrowings as detailed in Notes 22.2.1& 32.1 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings as detailed in Notes 23 and 24). The capital structure of the Group is reviewed by the Board of Directors. The gearing ratios are given below:

The gearing ratio at the end of the reporting period is as follows:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Total borrowings (Note 32.1 & 22.2.1)	**717,035**	546,110	**440,066**	359,405
Equity	**1,849,185**	1,711,083	**1,617,881**	1,507,175
Equity + Borrowing	**2,566,220**	2,257,193	**2,057,947**	1,866,580
Gearing Ratio	**28%**	24%	**21%**	19%

(1) Debt is defined as long and short-term borrowings as described in Notes 22.2.1 & 32.1

(2) Equity includes all capital and reserves of the Group and Company in Note 23 & 24

34.2 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

34.2.2 Group

As at 31 March 2022		Loans and receivables	FVOCI	Other financial liabilities	Total carrying amount	Fair value			
In Rs '000	**Note**					**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	22.1	10,146	-	-	10,146	-	-	-	-
Trade and Other receivables	34.1.1	319,953	-	-	319,953	-	-	-	-
Amounts due from related parties	20	1,328,020	-	-	1,328,020	-	-	-	-
Investment in Equity Securities	16	-	27,280	-	27,280	-	-	27,280	27,280
		1,658,119	27,280	-	1,685,399	-	-	27,280	27,280
Bank loans	32.1	-	-	(698,768)	(698,768)	-	-	-	-
Trade payables	27	-	-	(1,577,959)	(1,577,959)	-	-	-	-
Amounts due to related parties	28	-	-	(220,537)	(220,537)	-	-	-	-
Bank overdraft	22.2	-	-	(18,267)	(18,267)	-	-	-	-
Dividends payable	31	-	-	(3,444)	(3,444)	-	-	-	-
		-	-	(2,518,976)	(2,518,976)	-	-	-	-

As at 31 March 2021		Loans and receivables	FVOCI	Other financial liabilities	Total carrying amount	Fair value			
In Rs '000	Note					Level 1	Level 2	Level 3	Total
Cash and cash equivalents	22.1	6,147	-	-	6,147	-	-	-	-
Trade and Other receivables	19.1 ,19.2	97,706	-	-	97,706	-	-	-	-
Amounts due from related parties	20	761,289	-	-	761,289	-	-	-	-
Investment in Equity Securities	16	-	25,305	-	25,305	-	-	25,305	25,305
		865,141	25,305	-	890,446	-	-	25,305	25,305
Bank loans	32.1	-	-	(515,086)	(515,086)	-	-	-	-
Trade and other payables	27	-	-	(1,001,374)	(1,001,374)	-	-	-	-
Amounts due to related parties	28	-	-	(46,925)	(46,925)	-	-	-	-
Bank overdraft	22.2	-	-	(31,024)	(31,024)	-	-	-	-
Dividends payable	31	-	-	(64,778)	(64,778)	-	-	-	-
Current tax liabilities	30	-	-	-	-	-	-	-	-
		-	-	(1,659,187)	(1,659,187)	-	-	-	-

The management assessed that cash and short -term deposits, trade and other receivables, trade payables, bank overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties, other than in a forced sale or on liquidation.

NOTES TO THE FINANCIAL STATEMENTS

34.2.1 Company

As at 31 March 2022 In Rs '000	Note	Loans and receivables	FVOCI	Other financial liabilities	Total carrying amount	Fair value Level 1	Level 2	Level 3	Total
Cash and cash equivalents	22.1	8,275	-	-	8,275	-	-	-	-
Trade and Other receivables	34.1.1	261,284	-	-	261,284	-	-	-	-
Amounts due from related parties	20	1,013,235	-	-	1,013,235	-	-	-	-
Investment in Equity Securities	16	-	27,280	-	27,280	-	-	27,280	27,280
		1,282,795	27,280	-	1,310,075	-	-	27,280	27,280
Bank loans	32.1	-	-	(421,799)	(421,799)	-	-	-	-
Trade payables	27	-	-	(1,145,479)	(1,145,479)	-	-	-	-
Amounts due to related parties	28	-	-	(300,056)	(300,056)	-	-	-	-
Bank overdraft	22.2	-	-	(18,267)	(18,267)	-	-	-	-
Dividends payable	31	-	-	(3,444)	(3,444)	-	-	-	-
		-	-	(1,889,045)	(1,889,045)	-	-	-	-

As at 31 March 2021 In Rs '000	Note	Loans and receivables	FVOCI	Other financial liabilities	Total carrying amount	Fair value Level 1	Level 2	Level 3	Total
Cash and cash equivalents	22.1	5,840	-	-	5,840	-	-	-	-
Trade and Other receivables	19.1 ,19.2	76,528	-	-	76,528	-	-	-	-
Amounts due from related parties	20	585,030	-	-	585,030	-	-	-	-
Investment in Equity Securities	16	-	25,305	-	25,305	-	-	25,305	25,305
		667,398	25,305	-	692,703	-	-	25,305	25,305
Bank loans	32.1	-	-	(334,924)	(334,924)	-	-	-	-
Trade and other payables	27	-	-	(685,029)	(685,029)	-	-	-	-
Amounts due to related parties	28	-	-	(106,574)	(106,574)	-	-	-	-
Bank overdraft	22.2	-	-	(24,481)	(24,481)	-	-	-	-
Dividends payable	31	-	-	(64,778)	(64,778)	-	-	-	-
		-	-	(1,215,786)	(1,215,786)	-	-	-	-

The management assessed that cash and short -term deposits, trade and other receivables, trade payables, bank overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties, other than in a forced sale or on liquidation.

Reconciliation of fair value measurements of level 3 financial instrument

The Group and Company Equity Investments at fair value through other comprehensive income (FVOCI) instruments classified as Level 3 within the fair value hierarchy.

	Investment in Equity Security			
	GROUP		COMPANY	
	2022	2021	**2022**	2021
	Rs '000	Rs '000	**Rs '000**	Rs '000.
Balance as at 1st April	**25,305**	22,441	**25,305**	22,441
Fair value gain	**1,975**	2,864	**1,975**	2,864
Balance as at 31 March	**27,280**	25,305	**27,280**	25,305

The Company hold an investment in equity shares of Reality (Lanka) Limited with a fair value of (Rs.'000) 27,280, measured at Net Assets basis. (As at 31.03.2022 Net Assets Value per share Rs. 15.13.) Fair value of this investment was categorized as level 3 as at 31 March 2022. This was because the shares were not listed on an exchange and there were no recent observable arm's length transactions in the shares.

35 COMMITMENTS AND CONTINGENCIES - GROUP/COMPANY

35.1 Finance Commitments

Document credit are effected for foreign purchases of the Group amounting to Rs. 1,302,778,043/- (2020/21- Rs. 654,410,643/-).

Document credit are effected for foreign purchases of the Company amounting to Rs. 772,814,954/- (2020/21- Rs. 417,087,519 /-).

35.2 Lease commitment - Group

(a) The land and buildings of Regnis Appliances (Pvt) Ltd

Lease unexpired period details are as follows:

Location of premises	Unexpired Period as at 31 March 2022
Moratuwa	Nine months

Lease rentals are payable as follows :

As at 31 March	**2022**	2021
	Rs. Mn	Rs. Mn
Within one year	**4.6**	4.38
Between one to five years	**-**	6.13

35.3 Contingencies

35.3.1 Corporate guarantees were given to banks on behalf of Regnis Appliances (Pvt) Ltd amounting to Rs. 410 Mn for the purpose of obtaining banking facilities.

35.3.2 The Company cleared a shipment of imported goods during the year 2008 on provision of a bank guarantee amounting to Rs. 6,522,083/- to the Director of Customs. The bank guarantee relates to alleged additional duty payable on imports which is contested by the Company. The customs inquiry initiated in 2008 is still pending. The management is of the opinion that there is no basis that the Company is liable for the additional duty and hence, no provision is made in the financial statements.

Other than the above, Company does not have significant contingencies as at the reporting date.

35.4 Capital commitments

There were no material capital commitments as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

36 EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date, which would require adjustments to or disclosure except for the following:

The Government of Sri Lanka in its Budget for 2022 proposed a one-time tax, referred to as a surcharge tax, at the rate of 25% to be imposed on any companies that have earned a taxable income in excess of LK Rs. 2,000 million for the year of assessment 2020/2021. The tax is imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on 7th April 2022. As the law imposing the surcharge tax was enacted after the reporting period end, the financial statements for the year ended 31 March 2022 do not reflect the tax liability that would arise in consequence, the amount of which is best estimated at Rs. 50,823,452.

37 RELATED PARTY DISCLOSURES

The company carries out transactions in the ordinary course of its business with parties who are defined as "Related Parties" in Sri Lanka Accounting Standard (LKAS 24) "The Related Parties discloures, the details are as follows".

37.1 Parent and ultimate controlling party

Singer (Sri Lanka) PLC is the parent company of Regnis (Lanka) PLC which holds 58.29% of the company. The Hayleys PLC is the ultimate parent company of Regnis (Lanka) PLC.

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

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

37.2 Transactions with Parent Company and Subsidiary Company

(a) Transactions with its Parent Company:

Singer (Sri Lanka) PLC

Principal activities	Nature of transaction	2022 Rs.	2021 Rs.
The principal activities of the Company were marketing domestic and industrial sewing machines, appliances, furniture, agricultural equipment, personal computers and manufacturing furniture and agricultural equipment.	Corporate guarantees obtained on behalf of the Company	**455,500,000**	455,500,000
	Revenue	**5,232,145,406**	3,931,147,224
	Sales taxes	**418,571,632**	314,502,360
	Non-trade settlement	**60,022,500**	88,408,814
	Funds received for sales	**5,419,849,313**	4,035,783,499
	Expenses reimbursed	**126,837,770**	87,450,674
	Purchase of fixed asset	**2,237,069**	116,869
	Interest expense	**2,959,019**	5,802,248
	Interest expenses on Corporate Guarantee	**2,277,506**	2,277,504
	Intercompany advances trade	**200,000,000**	-
	Balance receivable	**919,643,298**	556,451,268
	Loans settled	**-**	46,000,000

(b) Transactions with its Subsidiary Company:

Regnis Appliances (Pvt) Ltd

Principal Activities	Nature of transaction	2022 Rs.	2021 Rs.
Manufacture and assembly of washing machines, plastic chairs and producing plastic components for refrigerators.	Corporate guarantees given	**410,000,000**	410,000,000
	Purchases	**403,914,572**	279,072,312
	Sale of raw materials	**2,640,646**	6,008,454
	Funds paid	**280,720,919**	302,228,133
	Non-trade settlements	**-**	66,121,029
	Expenses reimbursed	**4,645,663**	3,829,857
	Dividends received	**-**	12,000,000
	Interest expense	**4,025,326**	3,679,731
	Interest income on corporate guarantee	**4,100,000**	4,100,001
	Balance Payable	**192,934,852**	77,102,182

37.2.1 Recurrent related party transactions

Name of the related party	Nature of transaction	Value of the related party transactions entered in to during the financial year Rs.	Aggregate value of related party transaction as a % of net consolidated revenue	Aggregate value of related party transaction as a % of net company revenue	Term and condition of the related party transaction/ The rationale for entering into the transaction
Singer (Sri Lanka) PLC Parent Company	Sales	5,232,145,406	72%	**100%**	Arm's length transaction on normal commercial terms
	Sales taxes	418,571,632	6%	**8%**	
	Funds received for sales	5,419,849,313	75%	**103%**	
Regnis Appliances (Pvt) Ltd Subsidiary	Purchases	403,914,572	6%	**8%**	Arm's length transaction on normal commercial terms

37.2.2 Non-Recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Group as per the latest audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

NOTES TO THE FINANCIAL STATEMENTS

37 RELATED PARTY DISCLOSURES (CONTD.)

37.3 Transactions with companies under common parent

Name of the Company and Relationship	Nature of Transactions	2022	2021
		Rs.	Rs.
Singer Industries (Ceylon) PLC	Purchases	**2,766,304**	1,897,877
Related Entity	Expenses reimbursed	**561,399**	464,809
	Interest Expense	**222,143**	3,557
	Non-Trade Settlement	**-**	-
	Funds Paid	**2,598,234**	1,801,805
	Funds received	**9,748,367**	-
	Balance Payable	**315,309**	300,163
Reality Lanka Limited Related Entity	Change of fair value & Loss on deemed disposal of FVOCI investments	**1,975,380**	642,245

Transactions with Ultimate Parent and Companies under Common Control of Hayleys PLC

Name of the Company and Relationship	Nature of Transaction	2022	2021
		Rs.	Rs.
Hayleys PLC	Expenses reimbursed	**25,921,631**	5.887.972
Ultimate parent	Funds paid	**25,124,827**	5.589.314
	Balance payable	**1,389,867**	593,063
Delmege Forsyth (Pvt) Ltd	Expenses reimbursed	**1,561,380**	-
	Funds Paid	**1,561,380**	-
	Balance payable	**-**	-
Uni Dil Packaging Ltd	Expenses reimbursed	**67,765,559**	-
	Funds Paid	**59,389,249**	-
	Balance payable	**8,376,310**	-
Advantis Freight (Pvt) Ltd	Expenses reimbursed	**38,486,456**	-
	Funds Paid	**34,783,574**	-
	Balance payable	**3,702,882**	-
Puritas Ltd	Expenses reimbursed	**1,107,075**	-
	Funds Paid	**957,074**	-
	Balance payable	**150,001**	-
Yusen Logistics & Kusuhar Lanka (Pvt) Ltd	Expenses reimbursed	**2,397,455**	-
	Funds Paid	**2,397,455**	-
	Balance payable	**-**	-
Hayleys Business Solutions International (Pvt) Ltd	Expenses reimbursed	**497,718**	-
	Funds Paid	**459,810**	-
	Balance payable	**37,908**	-

Name of the Company and Relationship	Nature of Transaction	2022 Rs.	2021 Rs.
Ceva Logistics Lanka (Pvt) Ltd	Expenses reimbursed	**172,467**	-
	Funds Paid	**-**	-
	Balance payable	**172,467**	-
IML Delivery Systems (Pvt) Ltd	Expenses reimbursed	**1,404**	-
	Funds Paid	**1,404**	-
	Balance payable	**-**	-
COSCO Shipping Lines Lanka (Pvt) Ltd	Expenses reimbursed	**199,100**	-
	Funds Paid	**199,100**	-
	Balance payable	**-**	-
Mountain Hawk Express (Pvt) Ltd	Expenses reimbursed	**1,135,424**	-
	Funds Paid	**1,120,066**	-
	Balance payable	**15,358**	-
Expelogix (Pvt) Ltd	Expenses reimbursed	**111,600**	-
	Funds Paid	**111,600**	-
	Balance payable	**-**	-
Ravi Industries Ltd	Expenses reimbursed	**2,668,243**	-
	Funds Paid	**2,668,243**	-
	Balance payable	**-**	-
S&T Interior (Pvt) Ltd	Expenses reimbursed	**1,781,212**	-
	Funds Paid	**1,781,212**	-
	Balance payable	**-**	-
TOYO Cushion Lanka (Pvt) Ltd	Expenses reimbursed	**458,617**	-
	Funds Paid	**458,617**	-
	Balance payable	**-**	-

37.4 Transactions with Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Accordingly the key management personnel includes the board of directors of the Company, it's parent Company and its ultimate parent entity.

(i) Loans to Directors

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

(ii) Key management personnel compensation

Key management personnel comprises the Directors of the Company

NOTES TO THE FINANCIAL STATEMENTS

37 RELATED PARTY DISCLOSURES (CONTD.)

	2022 Rs.	2021 Rs.
Short-term employment benefits	**11,824,688**	17,106,966

In addition to their salaries, the Company provides non-cash benefits to the key management personnel and contributes to a post-employment defined benefit plan on their behalf. Directors' emoluments are disclosed in Note 9 to the financial statements.

No other transactions were carried out with key management personnels of the Company and the Group.

Terms and conditions of transactions with related parties

Transactions with related parties are carried out at terms equivalent to those that prevailing arm's length transactions. Outstanding current account balances at the year end are unsecured, and the settlements will be made in cash subject to the following credit periods."

The related party borrowings are at pre-determined interest rates and terms. (March 2021- 4.85%)

	2022 Rs.	2021 Rs.
Singer (Sri Lanka) PLC	**4 weeks**	4 weeks
Regnis Appliances (Pvt) Ltd	**8 weeks**	8 weeks
Singer Industries (Ceylon) PLC	**4 weeks**	4 weeks

37.5 The fully-owned subsidiary, Regnis Appliances (Pvt) Ltd had the following transaction with the Affiliate Companies, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC and Hayleys PLC.

Name of the Company and Relationship	Nature of Transactions	2022 Rs.	2021 Rs.
Singer (Sri Lanka) PLC			
Intermediate parent	Sales	**1,973,258,978**	1,351,652,741
	Sales taxes	**157,860,718**	110,669,572
	Non-trade settlement	**125,109,002**	14,000,000
	Funds received	**2,086,220,862**	1,373,216,009
	Expenses incurred	**17,785,124**	18,926,883
	Purchase of fixed assets	**2,061,908**	-
	Rent charged	**-**	102,687
	Interest Income	**526,558**	1,933,499
	Interest Expenses	**5,694,699**	
	Balance receivable	**322,198,563**	177,205,900

Name of the Company and Relationship	Nature of Transactions	2022	2021
		Rs.	Rs.
Singer Industries (Ceylon) PLC	Sales of raw materials	**46,092,512**	22,141,365
Related entity	Sales taxes	**3,687,401**	1,771,309
	Non trade settlement	**-**	-
	Purchases including taxes	**189,948,026**	115,493,048
	Funds Paid	**118,461,688**	106,461,462
	Funds received	**-**	10,011,288
	Expenses incurred	**70,831**	1,020,953
	Interest expenses	**691,880**	371,208
	Balance payable	**40,783,362**	18,314,227
Hayleys PLC	Secretarial Fee	**8,494,420**	1,193,502
Ultimate parent	Expenses paid	**8,201,748**	1,181,410
	Balance payable	**378,171**	85,498
Hayleys Business Solution (Pvt) Ltd	Expenses reimbursement	**57,834**	-
Related Entity	Payment	**52,488**	-
	Balance at the end of the year	**5,346**	-
Hayleys Aventura (Pvt) Ltd	Purchase	**192,926,340**	-
Related Entity	Payment	**122,877,000**	-
	Raw Material Sale	**251,640**	-
	Balance at the end of the year	**69,797,700**	-
Advantis Freight (Pvt) Ltd	Expenses incurred	**18,148,249**	-
Related Entity	Payment	**11,735,235**	-
	Balance at the end of the year	**6,413,014**	-

Terms and conditions of transactions with related parties:

Transactions with related parties are carried out at terms equivalent to those that prevail in arm's length transactions. Outstanding current account balances at the year end are unsecured, and the settlements will be made in cash subject to the following credit periods.

	2022	2021
	Rs.	Rs.
Singer (Sri Lanka) PLC	**4 weeks**	4 weeks
Singer Industries (Ceylon) PLC	**4 weeks**	4 weeks

The related party borrowings are at pre-determined interest rates and terms. (March 2021 -4.85%)

INVESTOR INFORMATION

1 GENERAL

Value - Ordinary Shares	Rs. 211,192,425/-
Number of Shares - Ordinary Shares	22,535,726
Voting Rights	One vote per ordinary Share

2 STOCK EXCHANGE LISTING

The Issued Ordinary Shares of Regnis (Lanka) PLC are listed with the Colombo Stock Exchange of Sri Lanka.

3 DISTRIBUTION OF SHAREHOLDINGS

Number of shareholders : 31 March 2022 - 1,728

As at 31 March 2022	Residents			Non-residents			Total		
	No. of Shareholders	No.of Shares	%	No. of Shareholders	No.of Shares	%	No.of Shareholders	No.of Shares	%
1_1,000	1,101	295,978	1.31	6	2,334	0.01	1,107	298,312	1.32
1,001_10,000	505	1,527,360	6.78	5	23,332	0.10	510	1,550,692	6.88
10,001_100,000	93	3,068,012	13.61	1	27,500	0.12	94	3,095,512	13.74
100,001_1,000,000	14	2,628,894	11.67	1	224,124	1.00	15	2,853,018	12.66
Over 1,000,001	2	14,738,192	65.40	-	-	0.00	2	14,738,192	65.40
Total	1,715	22,258,436	98.77	13	277,290	1.23	1,728	22,535,726	100.00

Number of shareholders : 31 March 2021 - 2,115

As at 31 March 2021	Residents			Non-residents			Total		
	No. of Shareholders	No.of Shares	%	No. of Shareholders	No.of Shares	%	No.of Shareholders	No.of Shares	%
1_1,000	1,255	361,682	1.60	7	2,634	0.01	1,262	364,316	1.62
1,001_10,000	714	2,269,947	10.07	6	27,786	0.13	720	2,297,733	10.20
10,001_100,000	119	3,678,115	16.32	2	47,700	0.21	121	3,725,815	16.53
100,001_1,000,000	10	1,409,670	6.26	-	-	-	10	1,409,670	6.25
Over 1,000,001	2	14,738,192	65.40	-	-	-	2	14,738,192	65.40
Total	2,100	22,457,606	99.65	15	78,120	0.35	2,115	22,535,726	100.00

4 ANALYSIS OF SHARES

As at 31 March	2022			2021		
Class of member	No. of Shareholders	No.of Shares	%	No. of Shareholders	No.of Shares	%
Individuals	1,618	4,694,945	20.8	1,994	6,123,393	27.2
Institutions	110	17,840,781	79.2	121	16,412,333	72.8
Total	1,728	22,535,726	100.0	2,115	22,535,726	100.0
Shares held by public	1,727	9,398,572	41.71%	2,113	9,278,262	41.17%

Float adjusted market capitalisation Rs. 512,222,174/-

The Company complies with option 5 of the Listing Rules 7.14.1(i) (a) - which requires a minimum public Holding of 20% for a Company having a float adjusted market capitalisation of less than Rs.2.5Bn.

5 MARKET VALUE PER SHARE

	2022	2021
	Rs.	Rs.
Closing price for the year ended 31.03. 2022 and 31.03.2021	**54.50****	49.10 **
Highest value per share during the period	**90.00****	160.00 *
Lowest value per share during the period	**44.00****	40.00 **

* Prior to the sub-division of shares

** Subsequent to the sub-division of shares

Share trading for the period

	As at 31 March 2022	As at 31 March 2021
No of transactions	**10,831**	12,992
No of shares Traded	**9,991,109**	6,056,378
Value of shares Traded (Rs.)	**708,612,388**	602,254,097

6 DIRECTORS AND CEO'S SHAREHOLDINGS

	2022	2021
	No. of shares	No. of shares
MR. A. M. PANDITHAGE	**NIL**	NIL
MR. M. H. WIJEWARDENE	**NIL**	NIL
MR. S. C. GANEGODA	**NIL**	NIL
MR. M. H. JAMALDEEN	**NIL**	NIL
MR. N. L S JOSEPH	**NIL**	NIL
MR. K. D. G. GUNARATNE	**NIL**	NIL
MR. K. D. KOSPELAWATTA	**NIL**	NIL
MR. D. K. DE SILVA WIJEYERATNE	**NIL**	NIL
MR. A. C. M. IRZAN (ALTERNATE TO MR K. D. KOSPELAWATTA)	**NIL**	NIL

INVESTOR INFORMATION

7 TWENTY LARGEST SHAREHOLDERS AS AT 31ST MARCH 2022

	Name	No. of shares	%
1	SINGER (SRI LANKA) PLC	**13,137,154**	**58.29**
2	SEYLAN BANK PLC/CHANNA NALIN RAJAHMONEY	**1,601,038**	**7.10**
3	PEOPLE'S LEASING & FINANCE PLC/L.P.HAPANGAMA	**468,764**	**2.08**
4	BANK OF CEYLON NO. 1 ACCOUNT	**300,000**	**1.33**
5	UNION INVESTMENTS PRIVATE LTD	**249,200**	**1.11**
6	SANDWAVE LIMITED	**224,124**	**0.99**
7	DR. SENADHI INDRAJITH BANGAMUARACHCHI	**218,100**	**0.97**
8	PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	**209,013**	**0.93**
9	PEOPLE'S LEASING & FINANCE PLC/MR. S. SIVASHANTH	**200,000**	**0.89**
10	MACKSONS HOLDINGS (PVT) LTD	**161,832**	**0.72**
11	PEOPLE'S LEASING & FINANCE PLC/MR.D.M.P.DISANAYAKE	**126,484**	**0.56**
12	PEOPLE'S LEASING & FINANCE PLC/L.H.L.NORIS DE SILVA & SON (PVT)LTD	**124,057**	**0.55**
13	MR. PATTIYAWATTAGE KAUSHALYA CHAMARA PERERA SAMARASINGHE	**120,296**	**0.53**
14	Mr. AZEEZ JALALUDDIN RUMY	**117,700**	**0.52**
15	Mrs. SONALI ROSHINI PERERA	**116,564**	**0.52**
16	HATTON NATIONAL BANK PLC/MUSHTAQ MOHAMED FUAD	**108,662**	**0.48**
17	PEOPLE'S LEASING & FINANCE PLC/L.H.L.M.P.HARADASA	**108,222**	**0.48**
18	MR. ABEYSIRI HEMAPALA MUNASINGHE	**93,844**	**0.42**
19	MR. VIDYARATNE GANITAGURUGE KULATUNGE VIDYARATNE	**88,704**	**0.39**
20	MR. PATTIYAWATTAGE CHATHURA PRABUDHA SAMARASINGHE	**77,609**	**0.34**
	SUB TOTAL	**17,851,367**	**79.21**

8 TWENTY LARGEST SHAREHOLDERS AS AT 31ST MARCH 2021

	Name	No. of shares	%
1	SINGER (SRI LANKA) PLC	13,137,154	58.29
2	SEYLAN BANK PLC/CHANNA NALIN RAJAHMONEY	1,601,038	7.10
3	UNION INVESTMENTS PRIVATE LTD	249,200	1.11
4	MR.SUBRAMANIAM VASUDEVAN	240,000	1.06
5	MR.ILANGAGE DESHAPRIYA RANASINGHE PERERA	125,252	0.56
6	MR.AZEEZ JALALUDDIN RUMY	123,800	0.55
7	MR.VIDYARATNE GANITAGURUGE KULATUNGE VIDYARATNE	120,310	0.53
8	MR.PRIYANKA MANJULA PATHIRAJA/MRS. D.A.O. KANDAMUDALI	117,082	0.52
9	MRS.SONALI ROSHINI PERERA	116,564	0.52
10	PEOPLE'S LEASING & FINANCE PLC/MR.D.M.P.DISANAYAKE	111,484	0.49
11	MR.DUELEEP FAIRLIE GEORGE DALPETHADO/MRS. H.A.K.D. DALPETHADO	103,582	0.46
12	MR.NIHAL SAMARASURIYA/MRS. C. SAMARASURIYA	102,396	0.45
13	PEOPLE'S LEASING & FINANCE PLC/MR.H.A.D.U.G.GUNASEKERA	100,000	0.44
14	MR.ABEYSIRI HEMAPALA MUNASINGHE	93,844	0.42
15	MR.MOHOMAD HAFEEZ GHULAM HUSSAIN	89,210	0.40
16	PEOPLE'S LEASING & FINANCE PLC /MRS. C.M.DISSANAYAKE	80,000	0.35
17	MRS.HENE KANKANAMGE SANDAMINI RUKMAL PERERA	79,444	0.35
18	RICHARD PIERIS FINANCIAL SERVICES (PVT) LTD/W.P.A.S.PERERA	75,352	0.33
19	MR.ELMO FAVIAN WEERACKOON	75,174	0.33
20	MR.KISHORE SHASHI NIKHIL HIRDARAMANI	70,400	0.31
	SUB TOTAL	16,811,286	74.60

INDEPENDENT ASSURANCE REPORT

Building a better working world

Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

Independent Assurance Report to the Board of Directors of Regnis (Lanka) PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2021/22

Scope

We have been engaged by the management of Regnis (Lanka) PLC ("the Company") to perform an independent assurance engagement, as defined by the Sri Lankan Standard on Assurance Engagements, on the sustainability reporting criteria presented in the Integrated Annual Report for the year ended 31 March 2022 (the "Report").

- Reasonable assurance on the information on financial performance as specified on page 47 of the Report.
- Limited assurance on other information presented in the Report, prepared in accordance with the GRI Standards: Core option.

Criteria applied by Regnis (Lanka) PLC

The sustainability reporting criteria presented in the Report has been prepared in accordance with The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at GRI's global website www.globalreporting.org.

This Report has been prepared in accordance with the GRI Standards: Core option (the "criteria").

Regnis (Lanka) PLC's responsibilities

Regnis (Lanka) PLC's management is responsible for selecting the criteria, and for presenting the Report in accordance with the said criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to support the sustainability reporting process of the Report, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Report in accordance with the GRI Standards: Core option based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka and the terms of reference for this engagement as agreed with Regnis (Lanka) PLC in the engagement letter dated 22 April 2022.

The standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Report in order for it to be in accordance with the criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our independent assurance conclusion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies Sri Lanka Standard on Quality Control (SLSQC 1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

We performed our procedures to provide an independent assurance engagement in accordance with SLSAE 3000.

Procedures performed in the reasonable assurance engagement depend on our judgement, including the assessment of the risks of material misstatement whether

INDEPENDENT ASSURANCE REPORT

due to fraud or error. In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the reasonable assurance Indicators in order to design the assurance procedures that are appropriate in the circumstances. Our procedures also included assessing the appropriateness of the reasonable assurance indicators, the suitability of the criteria in preparing and presenting the reasonable assurance indicators within the Report and obtaining an understanding of the compilation of the financial information to the sources from which it was obtained.

Procedures performed in the limited assurance engagement consisted of making inquiries, primarily of persons responsible for preparing the Report and related information and applying analytical and other appropriate procedures. These procedures vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

We also performed the below procedures as we considered necessary in the circumstances:

- Perform a comparison of the content of the Report against the Global Reporting Initiative (GRI) - GRI Standards guideline.
- Interviewing relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data.
- Review and validation of the information contained in the Report.
- Check the calculations performed by the organization on a sample basis through recalculation.
- Advice, make recommendations and suggestions on the Sustainability Reporting indicators to improve the presentation standard.
- Independently review the content of the Report and request changes if required.
- Express an independent assurance conclusion on the performance indicators presented in the Sustainability Reporting criteria.

Emphasis of matter

Social, natural and intellectual capital management data/information are subjected to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Report.

Restricted use

This report is intended solely for the information and use of Regnis (Lanka) PLC and is not intended to be and should not be used by anyone other than the specified party.

Conclusion

Based on our procedures and the evidence obtained, we conclude that:

- The information on financial performance as specified on page 47 of the Report is properly derived from the audited financial statements of the Company for the year ended 31 March 2022.
- Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from the GRI Standards: Core option.

Ernst & Young

Chartered Accountant

Colombo
13 May 2022

GRI CONTEXT INDEX

Disclosure	Explanation	Page No.	Reference
GRI 102: General disclosures			
Organisational profile			
102-1	Disclosure name of the organisation	Inner back	CORPORATE INFORMATION
102-2	Activities, brands, products, and services	24	ABOUT REGNIS
102-3	Location of headquarters	Inner back	CORPORATE INFORMATION
102-4	Location of operations	6	ABOUT THIS REPORT
102-5	Ownership and legal form	Inner back	CORPORATE INFORMATION
102-6	Markets served	63	SOCIAL AND RELATIONSHIP CAPITAL
102-7	Scale of the organisation	10 - 12	SNAPSHOT OF 2021/22, OPERATIONAL HIGHLIGHTS
102-8	Information on employees and other workers	51 - 53	HUMAN CAPITAL
102-9	Supply chain	62 - 65	SOCIAL AND RELATIONSHIP CAPITAL
102-10	Significant changes to the organisation and its supply chain	8	YEAR IN REVIEW
102-11	Precautionary Principle or approach	40	MANAGING RISKS
102-12	External initiatives	74	CORPORATE GOVERNANCE
102-13	Membership of associations	65	SOCIAL AND RELATIONSHIP CAPITAL
Strategy			
102-14	Statement from senior decision-maker	14 - 15	CHAIRMAN'S STATEMENT
		16 - 18	GROUP CHIEF EXECUTIVE OFFICER'S REVIEW
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	3	VISION/ MISSION & OBJECTIVES
Governance			
102-18	Governance structure	74	CORPORATE GOVERNANCE
Stakeholder engagement			
102-40	List of stakeholder groups	28 - 29	STAKEHOLDER DYNAMICS
102-41	Collective bargaining agreements	29	STAKEHOLDER DYNAMICS
102-42	Identifying and selecting stakeholders	28 - 29	STAKEHOLDER DYNAMICS
102-43	Approach to stakeholder engagement	28 - 29	STAKEHOLDER DYNAMICS
102-44	Key topics and concerns raised	28 - 29	STAKEHOLDER DYNAMICS
Reporting practice			
102-45	Entities included in the consolidated financial statements	24	ABOUT REGNIS
102-46	Defining report content and topic Boundaries	6 , 30 to 32	ABOUT THIS REPORT, MATERIAL TOPICS 2021/22
102-47	List of material topics	30 - 32	MATERIAL TOPICS 2021/22
102-48	Restatements of information	6	ABOUT THIS REPORT
102-49	Changes in reporting	6	ABOUT THIS REPORT
102-50	Reporting period	6	ABOUT THIS REPORT
102-51	Date of most recent report	6	ABOUT THIS REPORT
102-52	Reporting cycle	6	ABOUT THIS REPORT
102-53	Contact point for questions regarding the report	7	ABOUT THIS REPORT
102-54	Claims of reporting in accordance with the GRI Standards	7	ABOUT THIS REPORT
102-55	GRI content index	209 - 213	GRI CONTEXT INDEX
102-56	External assurance	7,207-208	ABOUT THIS REPORT, INDEPENDENT ASSURANCE REPORT

GRI CONTEXT INDEX

Disclosure	Explanation	Page No.	Reference
Material topics			
Economic			
GRI 201: Economic performance			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	33 - 36	OPERATING LANDSCAPE
103-3	Evaluation of the management approach	33 - 36	OPERATING LANDSCAPE
201-1	Direct economic value generated and distributed	47	STATEMENT OF VALUE ADDITION
201-3	Defined benefit plan obligations and other retirement plans	180 - 182	EMPLOYEE BENEFITS -NOTE 26
201-4	Financial assistance received from government	72	NATURAL CAPITAL
GRI 205: Anti- corruption			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	65	SOCIAL AND RELATIONSHIP CAPITAL
103-3	Evaluation of the management approach	65	SOCIAL AND RELATIONSHIP CAPITAL
205-3	Confirmed incidents of corruption and actions taken	65	SOCIAL AND RELATIONSHIP CAPITAL
GRI 206: Anti-competitive behaviour			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	65	SOCIAL AND RELATIONSHIP CAPITAL
103-3	Evaluation of the management approach	65	SOCIAL AND RELATIONSHIP CAPITAL
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	65	SOCIAL AND RELATIONSHIP CAPITAL
GRI 207: Tax			
Tax 103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	139 - 203	NOTES TO THE FIAINCIAL STATEMENTS
103-3	Evaluation of the management approach	140 - 203	NOTES TO THE FIAINCIAL STATEMENTS
207-1 (MA)	Approach to tax	160	NOTES - TAX
207-2	Tax governance, control, and risk management	138 - 152	ACCOUNTING POLICIES RELATES FOR TAX
207-3	Stakeholder engagement and management of concerns related to tax	44 -47 & 214	FINANCIAL CAPITA & DECADE AT A GLANCE
207-4	Country-by-country reporting	160	NOTES - TAX
Environmental			
GRI 301: Materials			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	66 - 72	NATURAL CAPITAL
103-3	Evaluation of the management approach	66 - 72	NATURAL CAPITAL
301-1	Materials used by weight or volume	68	NATURAL CAPITAL
301-2	Recycled input materials used	69	NATURAL CAPITAL
GRI 302: Energy			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	66 - 72	NATURAL CAPITAL
103-3	Evaluation of the management approach	66 - 72	NATURAL CAPITAL
302-1	Energy consumption within the organization	66	NATURAL CAPITAL
302-3	Energy intensity	67	NATURAL CAPITAL
302-4	Reduction of energy consumption	67	NATURAL CAPITAL
302-5	Reduction in energy requirements of products and services	67	NATURAL CAPITAL

Disclosure	Explanation	Page No.	Reference
GRI 303: Water			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	**66 - 72**	**NATURAL CAPITAL**
103-3	Evaluation of the management approach	66 - 72	NATURAL CAPITAL
303-1	Disclosure water withdrawal by source	66 - 67	NATURAL CAPITAL
303-2	Management of water discharge-related impacts	66 - 67	NATURAL CAPITAL
303-5	Water consumption	67	NATURAL CAPITAL
GRI 305: Emissions			
103-1	Explanation of the material topic and its boundary	30 - 32	NATURAL CAPITAL
103-2	The management approach and its components	66 - 72	NATURAL CAPITAL
103-3	Evaluation of the management approach	66 - 72	NATURAL CAPITAL
305-1	Disclosure direct (Scope 1) GHG emissions	69 - 71	NATURAL CAPITAL
305-2	Energy indirect (Scope 2) GHG emissions	69 - 71	NATURAL CAPITAL
305-3	Other indirect (Scope 3) GHG emissions	69 - 71	NATURAL CAPITAL
305-5	Reduction of GHG emissions	69 - 71	NATURAL CAPITAL
GRI 306: Effluents and wasts			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	69	NATURAL CAPITAL
103-3	Evaluation of the management approach	69	NATURAL CAPITAL
306-1	Water discharge by quality and destination	69	NATURAL CAPITAL
306-2	Waste by type and disposal method	69	NATURAL CAPITAL
306-5	Water consumption	69	NATURAL CAPITAL
GRI 307: Environmental compliance			
103-1	Explanation of the material topic and its boundary	30 - 32	NATURAL CAPITAL
103-2	The management approach and its components	66	NATURAL CAPITAL
103-3	Evaluation of the management approach	66	NATURAL CAPITAL
307-1	Non-compliance with environmental laws and regulations	72	NATURAL CAPITAL
Social			
GRI 401: Employment			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	51 - 58	HUMAN CAPITAL
103-3	Evaluation of the management approach	51 - 58	HUMAN CAPITAL
401-1	New employee hires and employee turnover	54 - 55	HUMAN CAPITAL
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	55	HUMAN CAPITAL
401-3	Parental leave	55	HUMAN CAPITAL
GRI 402: Labour/Management relations			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	51 - 58	HUMAN CAPITAL
103-3	Evaluation of the management approach	51 - 58	HUMAN CAPITAL
402-1	Minimum notice periods regarding operational changes	56	HUMAN CAPITAL
GRI 403: Occupational Health and Safety			

GRI CONTEXT INDEX

Disclosure	Explanation	Page No.	Reference
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	51 - 58	HUMAN CAPITAL
103-3	Evaluation of the management approach	51 - 58	HUMAN CAPITAL
403-1	Occupational health and safety management system	56	HUMAN CAPITAL
403-2	Hazard identification, risk assessment, and incident investigation	56	HUMAN CAPITAL
403-3	Occupational health and safety management system	56	HUMAN CAPITAL
403-4	Worker participation, consultation, and communication on occupational health and safety	56	HUMAN CAPITAL
403-5	Worker training on occupational health and safety	56	HUMAN CAPITAL
403-6	Promotion of worker health	56	HUMAN CAPITAL
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	56	HUMAN CAPITAL
403-9	Work-related injuries	56	HUMAN CAPITAL
GRI 404: Training and education			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	51 - 58	HUMAN CAPITAL
103-3	Evaluation of the management approach	51 - 58	HUMAN CAPITAL
404-3	Percentage of employees receiving regular performance and career development reviews	57	HUMAN CAPITAL
GRI 406: Non-discrimination			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	51 - 58	HUMAN CAPITAL
103-3	Evaluation of the management approach	51 - 58	HUMAN CAPITAL
406-1	Incidents of discrimination and corrective actions taken	57	HUMAN CAPITAL
GRI 407: Freedom of association and collective bargaining			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	51 - 58	HUMAN CAPITAL
103-3	Evaluation of the management approach	51 - 58	HUMAN CAPITAL
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	58	HUMAN CAPITAL
GRI 408: Child labour			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	51 - 58	HUMAN CAPITAL
103-3	Evaluation of the management approach	51 - 58	HUMAN CAPITAL
408-1	Operations and suppliers at significant risk for incidents of child labour	58	HUMAN CAPITAL
GRI 412: Human rights assessment			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	51 - 58	HUMAN CAPITAL
103-3h	Evaluation of the management approac	51 - 58	HUMAN CAPITAL
412-1	Operations that have been subject to human rights reviews or impact assessments	58	HUMAN CAPITAL
GRI 413: Local communities			

Disclosure	Explanation	Page No.	Reference
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	62 - 65	SOCIAL AND RELATIONSHIP CAPITAL
103-3	Evaluation of the management approach	62 - 65	SOCIAL AND RELATIONSHIP CAPITAL
413-1	Operations with local community engagement, impact assessments, and development programmes	65	SOCIAL AND RELATIONSHIP CAPITAL
GRI 415: Public policy			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	51 - 58	HUMAN CAPITAL
103-3	Evaluation of the management approach	51 - 58	HUMAN CAPITAL
415-1	Political contributions	58	HUMAN CAPITAL
GRI 416: Customer health and safety			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	62 - 65	SOCIAL AND RELATIONSHIP CAPITAL
103-3	Evaluation of the management approach	62 - 65	SOCIAL AND RELATIONSHIP CAPITAL
416-1	Assessment of the health and safety impacts of product and service categories	64	SOCIAL AND RELATIONSHIP CAPITAL
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	64	SOCIAL AND RELATIONSHIP CAPITAL
GRI 417: Marketing and labelling			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	62 - 65	SOCIAL AND RELATIONSHIP CAPITAL
103-3	Evaluation of the management approach	62 - 65	SOCIAL AND RELATIONSHIP CAPITAL
417-2	Incidents of non-compliance concerning product and service information and labelling	64	SOCIAL AND RELATIONSHIP CAPITAL
417-3	Incidents of non-compliance concerning marketing communications	64	SOCIAL AND RELATIONSHIP CAPITAL
GRI 418: Customer privacy			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	62 - 65	SOCIAL AND RELATIONSHIP CAPITAL
103-3	Evaluation of the management approach	62 - 65	SOCIAL AND RELATIONSHIP CAPITAL
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	62	SOCIAL AND RELATIONSHIP CAPITAL
GRI 419: Socioeconomic compliance			
103-1	Explanation of the material topic and its boundary	30 - 32	MATERIAL TOPICS
103-2	The management approach and its components	62	SOCIAL AND RELATIONSHIP CAPITAL
103-3	Evaluation of the management approach	62	SOCIAL AND RELATIONSHIP CAPITAL
419-1	Non-compliance with laws and regulations in the social and economic area	62	SOCIAL AND RELATIONSHIP CAPITAL

DECADE AT A GLANCE

Period Ended	31 March 2022 (12 Months) Group	31 March 2021 (12 Months) Group	31 March 2020 (12 Months) Group	31 March 2019 (15 Months) Group	31 December 2017 (12 Months) Group	31 December 2016 (12 Months) Group	31 December 2015 (12 Months) Group	31 December 2014 (12 Months) Group	31 December 2013 (12 Months) Group	31 December 2012 (12 Months) Group
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Trading Results :										
Revenue * *	**7,272,125**	5,322,786	5,041,418	6,844,458	4,867,250	4,791,256	4,148,657	3,194,513	2,492,702	2,494,531
Profit before taxation * *	**37,517**	168,719	155,996	115,862	215,119	471,750	456,431	200,357	122,485	99,395
Taxation	**(10,421)**	18,140	(48,097)	(24,690)	(60,003)	(121,426)	(112,292)	(46,159)	(22,686)	(18,364)
Profit after taxation * *	**27,096**	186,859	107,899	91,171	155,117	350,324	344,139	154,198	99,799	81,031
Profit from discontinued operations (net of tax)	-	-	-	-	-	-	-	-	8,047	6,224
Profit for the Year	**27,096**	186,859	107,899	91,171	155,117	350,324	344,139	154,198	107,845	87,255
Property plant and equipment	**1,317,164**	1,215,769	1,281,801	1,328,559	1,097,046	979,596	695,121	631,731	620,909	572,417
Intangible assets	**36,134**	37,360	2,688	3,196	3,832	2,183	983	1,140	638	732
Available for sale financial asset	**27,280**	25,305	22,441	24,113	22,850	20,181	20,562	20,696	19,960	19,749
Current assets	**3,422,753**	2,393,250	1,826,048	2,143,016	1,770,302	1,629,151	1,125,579	864,937	839,326	1,100,954
Current liabilities	**2,726,013**	1,745,562	1,301,980	1,712,946	1,184,847	838,968	431,812	361,908	452,124	781,124
Net current assets	**696,740**	647,688	524,068	430,070	585,454	790,183	693,767	503,030	387,202	319,830
Long term loans	-	-	-	-	-	-	-	41,250	110,500	75,250
Equity										
Stated capital	**211,192**	211,192	211,192	211,192	211,192	211,192	211,192	211,192	211,192	211,192
Capital reserves	**573,530**	467,454	429,538	436,768	328,951	416,768	308,548	314,130	290,289	294,987
Revenue reserves	**1,064,463**	1,032,436	901,102	854,635	956,991	1,004,618	748,310	473,254	334,816	251,461
Share Holders Funds	**1,849,185**	1,711,083	1,541,832	1,502,595	1,497,134	1,632,579	1,268,050	988,577	836,298	757,641
Ratio and Statistics										
Basic earnings per share from continuing operations	**1.20*** **	8.29 ***	9.6 ***	8.09	13.77	31.09	30.54	13.68	8.86	8.11
Basic earnings per share after discontinued operations	-	-	-	-	-	-	-	13.68	9.57	8.73
Net assets per share at year end (Rs)	**82.05*** **	79.93 ***	64.8 ***	133.35	132.87	144.88	112.53	88.62	74.22	67.24
Return on Average Net Assets %	**1.52**	11.00	7.00	6.00	9.91	24.16	30.40	16.80	13.50	13.40
Dividends										
Dividends (Rs) *	-	58,593	70,424	82,255	118,313	208,455	101,411	78,875	22,536	28,170
Dividend cover *	-	3.19	1.50	1.11	1.31	1.68	3.4	1.95	4.8	3.1
Dividend per share (Rs.) *	-	2.60	6.25	7.30	10.50	18.50	9.00	7.00	2.00	2.50
Others										
Annual sales growth (%)	**36.6**	6.0	(26)	40.62	1.59	15.49	30	28	-	19.65
Inflation rate (%)	**21.5(NCPI)**	4.7	4.5	3.7	7.7	3.75	0.93	3.3	6.9	7.6
Current ratio	**1.26**	1.37	1.4	1.25	1.49	1.94	2.62	2.39	1.86	1.41
Investment in fixed assets (Rs.000)	**63,871**	60,513	42,553	171,699	176,859	216,420	108,966	28,416	80,117	72,206
Price earnings ratio (Times)	**45.42**	5.92	6.2	7.74	8.58	4.42	5.79	5.64	6.8	6.90
Market value of share	**54.50*** **	49.10 ***	59.8	62.6	118.1	137.5	176.7	77.1	65	60

* Includes authorised final dividends.

** 2012 and 2013 constitute results from continuing operations

*** Subsequent to the sub - division of shares

GLOSSARY OF FINANCIAL TERMS

A

ACCOUNTING POLICIES
Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

AMORTISATION
The expense of writing off over a fixed period, the initial value of an intangible asset such as goodwill, patents etc.

ASSET TURNOVER
Total revenue divided by average total assets Available-for-Sale All assets not in any of the three categories namely held to maturity fair value through profit or loss and loan and receivables. It is a residual category does not mean that the entity stands ready to sell these all the time.

AWPLR
The Average Weighted Prime Lending Rate is Calculated by the Central Bank weekly, monthly and half yearly based on commercial banks Lending rates offered to their prime customers.

B

BORROWINGS
All interest bearing liabilities.

C

CAPITAL EMPLOYED
Total assets less interest free liabilities, deferred income and provisions.

CAPITAL RESERVES
Reserves identified for specific purposes and considered not available for distribution.

CAPITAL EXPENDITURE
The total of additions to property, plant & Equipment, intangible assets, investment Property and the purchase of outside Investments.

CREDIT RISK
Risk that the counterparty to a transaction fails to meet its contractual obligations in accordance to the agreed terms and conditions.

CARRYING AMOUNT
The amount at which as asset is recognised in the statement of financial position.

CASH EQUIVALENTS
Liquid investments with original maturity periods of three months or less.

CONTRACT
An agreement between two or more parties that has clear economic consequences that the parties have little, if any discretion to avoid usually because the agreement is enforceable by law.

CONTINGENT LIABILITIES
Conditions or situations at Reporting date the financial effect of which are to be determined by future events which may or may not occur.

CURRENT RATIO
Current assets divided by current liabilities. A measure of liquidity.

D

DEBT
Total liabilities, excluding deferred income.

DEBT RATIO
Total liabilities divided by total assets.

DEFERRED TAXATION
The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

DIVIDEND COVER
Profit attributable to ordinary shareholders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PAYOUT
Dividend per share divided by earnings per share.

DIVIDENDS PER SHARE (DPS)
Dividends paid and proposed, divided by the number of issued shares, which ranked for those dividends.

DIVIDEND YIELD
Dividend per share divided by the market value of a share.

E

EARNINGS PER SHARE
Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

EFFECTIVE RATE OF INTEREST
Total long-term and short-term interest divided by average long-term and short-term liabilities at the beginning and end of the year.

EQUITY
Shareholders' funds.

F

FINANCIAL ASSET
Any asset that is cash or an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity or a contractual right to exchange financial instruments with another entity under conditions that are potentially favorable.

FINANCIAL LIABILITY
A contractual obligation to deliver cash or another financial asset to another entity or exchange financial instruments with another entity under conditions that are potentially unfavorable.

FAIR VALUE
Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transactions.

GLOSSARY OF FINANCIAL TERMS

FINANCIAL INSTRUMENTS

Financial instrument is any contract that gives rise to both a financial assets in one entity and a financial liability or equity instrument in another entity.

G

GEARING

Proportion of borrowings to capital employed.

GROSS DIVIDEND

Portion of profits inclusive of tax withheld, distributed to shareholders.

H

HELD-TO-MATURITY

Debt assets acquired by the entity with positive intention to be held-to-maturity.

I

INTANGIBLE ASSETS

An identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services for rental to others or for administrative purposes.

INTEREST COVER

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying value.

L

LIQUIDITY RISK

The risk of an entity having constrains to settle its financial liabilities. Loans and receivables A financial asset with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets.

M

MARKET CAPITALISATION

Number of shares in issue multiplied by the market value of a share at the reported date.

N

NET ASSETS PER SHARE

Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

NON-CONTROLLING INTEREST

Equities in a subsidiary not attributable, directly or indirectly, to a parent.

NET PROFIT MARGIN

Net profit for the period divided by the revenue.

P

PRICE EARNINGS RATIO

Market price of a share divided by earnings per share as reported at that date.

Q

QUICK ASSET RATIO

Total current assets less inventories divided by total current liabilities.

R

RELATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the business.

RETURN ON AVERAGE NET ASSETS EQUITY

Attributable profits divided by average shareholders' funds/total equity.

REVALUATION SURPLUS

Surplus amount due to revaluing assets in accordance with its fair value.

REVENUE RESERVES

Reserves considered as being available for distributions and investments.

S

SEGMENT

Constituent business units grouped in terms of similarity of operations and location.

T

TOTAL EQUITY

Total of share capital, reserves, retained earnings and non-controlling interest.

V

VALUE ADDITION

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

W

WORKING CAPITAL

Capital required to finance the day-today operations.

NOTES

NOTICE OF ANNUAL GENERAL MEETING

REGNIS (LANKA) PLC
Company Number PQ 191

NOTICE IS HEREBY GIVEN THAT THE THIRTY FIFTH ANNUAL GENERAL MEETING OF REGNIS (LANKA) PLC WILL BE HELD ON WEDNESDAY, 29TH JUNE 2022 AT 10.45 A.M. VIA ONLINE MEETING PLATFORM FOR THE FOLLOWING PURPOSES:

1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31 March 2022, with the Report of the Auditors thereon.

2. To re-elect as a Director Mr. D.K. De Silva Wijeyeratne, who retires by rotation at the Annual General Meeting in terms of Article 24(4) of the Articles of Association of the Company.

3. To re-elect as a Director Mr. K.D. Kospelawatta, who retires by rotation at the Annual General Meeting, in terms of Article 24(4) of the Articles of Association of the Company.

4. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A.M. Pandithage in terms of Section 211 of the Companies Act No.07 of 2007, who retires having attained the age of seventy one years.

   Ordinary Resolution

   'That Mr. Abeyakumar Mohan Pandithage, who has attained the age of seventy one years be and is hereby re-appointed a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the appointment of the said Director'

5. To authorise the Directors to determine donations and contributions to charities for the ensuing year.

6. To re-appoint Messrs KPMG, Chartered Accountants as the Auditors of the Company for the year 2022/23 and to authorize the Directors to determine their remuneration.

7. To consider any other business of which due notice has been given.

By Order of the Board
REGNIS (LANKA) PLC

(Sgd.)
HAYLEYS GROUP SERVICES (PRIVATE) LIMITED
Secretaries

Colombo

30th May 2022

Notes :

1. The Annual Report of the Company for 2021/22 is available on the corporate website - ***https://www.singersl.com*** and on the Colombo Stock Exchange website - ***https://www.cse.lk***

2. In the interest of protecting public health the Annual General Meeting of the Company will be held as a virtual meeting via an online meeting platform. Details are given in the circular to shareholders.

3. 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 ***regnisagm@secretarial.hayleys.com*** not less than forty eight (48) hours before the time fixed for the Meeting.

FORM OF PROXY

REGNIS (LANKA) PLC
Company Number PQ 191

I/We* ……………………………………………………………………………………………………….(full name of shareholder**)
NIC No./Reg. No. of Shareholder (**) ……………………………………………………………………………………………
……………of……………………………………………………………………………being Shareholder/Shareholders* of REGNIS (LANKA) PLC
hereby appoint,
1. ……(full name of proxyholder**)
NIC No. of Proxyholder (**) ……………………………………………………………………………………………….of ……………
………………………………………………………………………………………….or failing him/them

2. ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our * proxy to attend, speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Thirty fifth Annual General Meeting of the Company to be held on Wednesday, 29th June 2022 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

		For	Against
1	To adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31 March 2022 with the Report of the Auditors thereon.		
2	To re-elect as a Director Mr. D.K. De Silva Wijeyeratne who retires by rotation at the Annual General Meeting in terms of Article 24(4) of the Article of Association of the Company.		
3	To re-elect Mr. K.D. Kospelawatta, who retires by rotation at the Annual General Meeting in terms of Article 24(4) of the Article of Association of the Company.		
4	To propose the Ordinary Resolution as set out in the Notice for the re-appointment of Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No.07 of 2007, who retires having attained the age of Seventy One.		
5	To authorise the Directors to determine donations and contributions to charities for the ensuing year.		
6	To reappoint Messrs. KPMG, Chartered Accountants as the Auditors of the Company for the Year 2022/23 and to authorise the Directors to determine their remuneration		

(***) The proxy may vote as he thinks fit on any other resolution brought before the Meeting of which due Notice has been given.

As witness my/our* hands this ……………………. day of ……………………………2022.

Witnesses: Signature: ………………………………………

Name: ……..…………………………………………………..

Address: …………………………………………………

NIC No.:..…………………………………………………....

………………………………………
Signature of Shareholder

Notes:

(a) * Please delete the inappropriate words.

(b) A shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the company.
** Full name of shareholder/proxy holder and their NIC Nos and Witness are mandatory. Your Proxy Form will be rejected if these details are not completed.

(c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.

(d) Instructions are noted on the reverse hereof.

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

(f) Please refer the 'Circular to Shareholders' dated 30th May 2022 and follow the instructions to join the meeting 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 be emailed to ***regnisagm@secretarial.hayleys.com*** not less than forty eight (48) hours before the start of the Meeting.

2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly sign and fill in the date of signing.

3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your proxy, please insert the relevant details at overleaf. The proxy need not be a member of the Company.

4. Please indicate with an 'X' in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy in his discretion will vote as he thinks fit. Please also delete (***) if you do not wish your proxy to vote as he thinks fit on any other resolution brought before the Meeting.

5. In the case of a Company /Corporation the proxy must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association.

   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 the case of Marginal Trading Accounts (slash accounts), the form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.

CORPORATE INFORMATION

GENERAL

Name of the Company
Regnis (Lanka) PLC

Legal Form
A Public Limited Liability Company quoted in the Colombo Stock Exchange.
Incorporated on 3rd June 1987 under the Company Act no. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007

Company Registration Number
PQ 191

Accounting Year End
March 31

Registered Office
No 52, Ferry Road, Off Borupana Road,
Ratmalana, Sri Lanka.
Tel: 0112622641, 0112635408 Fax:
0114216003, 0112622032

Tax Payer Identification Number (TIN)
134001488

Company Secretaries / Registrars
Hayleys Group Services (Private) Limited No. 400, Deans Road, Colombo 10
Tel: 0112627650

Auditors
KPMG
Chartered Accountants
No 32A, Sir Mohamed Macan Markar
Mawatha, Colombo 3. Sri Lanka

Bankers
Commercial Bank
National Development Bank
Hatton National Bank
Sampath Bank
Seylan Bank
People's Bank
Bank of Ceylon
DFCC Vardhana Bank
Cargills Bank

Legal Advisors
Neelakandan & Neelakandan
Attorneys -at-Law
M&N Building (Level 5),
No. 02 Deal Place,
Colombo 03

Management Team
Mr. K D Kospelawatta
Mr. W K A P Wettewa
Ms. S Edirisinghe
Mr. M Ranasinghe
Mr. K K Atukorala
Mr. A Amarasinghe
Mr. M. D D Prabhath
Mr. S Pinidiya
Mr. A S Kendasinghe
Mr. Y C Withanachchi
Ms. G K G R Lakmali
Mr. D W P Kandage
Ms. S Fernando
Mr. R G L S Rajapaksha
Ms. S A W M R S C Aranwela
Mr. I K C A P Iluppitiya
Mr. D H S R Madhusankha
Mr. O S Kapilasiri

BOARD OF DIRECTORS AND SUB-COMMITTEES

Board of Directors
Mr. A M Pandithage
Chairman (Executive)
Mr. M H Wijewardene
Group Chief Executive Officer
Mr. S C Ganegoda
Mr. M H Jamaldeen
Mr. N L S Joseph
Mr. K D G Gunaratne
Mr. D K De S Wijeyeratne
Mr. K D Kospelawatta
Mr. M Irzan
(Alternate to Kelum Kospelawatta)
Mr. K T Ramesh Chitrasiri
(Alternate to S.C. Ganegoda)
Mr. V J Shanil Perera
(Alternate to M.H. Wijewardene)

Board Sub-Committees :
Board Nomination Committee
Board Nomination Committee of the Parent Company, Singer (Sri Lanka) PLC functions as the Board Nomination Committee of Regnis (Lanka) PLC
Mr. A M Pandithage - Chairman
Mr. K D D Perera
MrM H Jamaldeen

Board Audit Committee
Board Audit Committee of Parent Company, Singer (Sri Lanka) PLC functions as the Board Audit Committee of Regnis (Lanka) PLC
Mr. D K De S Wijeyeratne - Chairman
Mr. D Sooryaarachchi
Mr. M H Jamaldeen

Related Party Transactions Review Committee
RPT Review Committee of Parent Company, Singer (Sri Lanka) PLC functions as the RPT Review Committee of Regnis (Lanka) PLC
Mr. D Sooriyaarachchi - Chairman
Mr. D K De S Wijeyeratne
Mr. M H Wijewardene

Board Remuneration Committee
Remuneration Committee of Parent Company, Singer (Sri Lanka) PLC functions as the Remuneration Committee of Regnis (Lanka) PLC
Mr. M H Jamaldeen - Chairman
Mr. D D Sooryaarachchi
Mr. D K De S Wijeyeratne
Mr. A M Pandithage (Observer)

PARENT, SUBSIDIARY AND RELATED COMPANIES

Parent Company
Singer (Sri Lanka) PLC

Ultimate Parent Company
Hayleys PLC

Subsidiary Company
Regnis Appliances (Pvt) Ltd

Related Companies
Singer Industries (Ceylon) PLC
Reality (Lanka)Ltd

For any clarification on this report,
Please write to The Chief Financial Officer
Regnis (Lanka) PLC
No. 52, Ferry Road,
Off Borupana Road,
Ratmalana, Sri Lanka
kanchanaa@singersl.com
Tel: 0112622641, 0112635408
Fax: 0114216003, 0112622032

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

REDWORKS
Member of the Ogilvy Group

REGNIS (LANKA) PLC,
No 52, Ferry Road,
Off Borupana Road,
Rathmalana.