

SINGER

INDUSTRIES (CEYLON) PLC



Evolving

with the times

Evolving

with the times

Since 1851, the name SINGER® has been synonymous with sewing. Isaac Merritt Singer invented the world's first practical sewing machine and patented it in 1851 marking the beginning of SINGER as a company and its leadership in the industry.

Over the years, the SINGER brand has celebrated many firsts, including the world's first zig-zag machine, and the first electronic machine, The SINGER sewing machine takes pride of place in every Sri Lankan home creating fashion to home décor, embroidery and quilting and much more. We are dedicated to not only helping people express themselves through the craft of sewing but enable livelihoods.

We will continue our evolutionary journey with commitment, dedication, innovation and service to enable and support creativity.

CONTENT



16

CHAIRMAN'S STATEMENT

"The Company was successful in posting a commendable revenue growth of 50% during the year, supported by enhanced revenue from a 37% increase in portable sewing machine sales."



19

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

"Achieving operational excellence through ongoing focus on process efficiencies and productivity improvements has been a key priority for the Group, contributing towards nurturing a cost-conscious, and productivity-driven culture by minimising waste."

04 | ABOUT US

06 | ABOUT THIS REPORT

08 | ORGANISATIONAL OVERVIEW

10 | PERFORMANCE HIGHLIGHTS

11 | FINANCIAL PERFORMANCE

13 | NON FINANCIAL PERFORMANCE

16 | CHAIRMAN'S STATEMENT

19 | GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

22 | BOARD OF DIRECTORS

26 | MANAGEMENT TEAM

27 | OPERATING ENVIRONMENT

29 | STAKEHOLDER INTERACTIONS

30 | MATERIALITY MATTERS

32 | VALUE CREATION

34 | FINANCIAL CAPITAL

40 | STATEMENT OF VALUE ADDED

41 | SOCIAL AND RELATIONSHIP CAPITAL

45 | MANUFACTURED CAPITAL

49 | HUMAN CAPITAL

55 | NATURAL CAPITAL

58 | INTELLECTUAL CAPITAL

62 | CORPORATE GOVERNANCE

106 | AUDIT COMMITTEE REPORT

108 | REMUNERATION COMMITTEE REPORT

109 | NOMINATION COMMITTEE REPORT

110 | RELATED PARTY TRANSACTION
REVIEW COMMITTEE REPORT

112 | RISK MANAGEMENT

115 | INDEPENDENT ASSURANCE REPORT

FINANCIAL INFORMATION

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

123 | STATEMENT OF DIRECTORS' RESPONSIBILITY

125 | MANAGING DIRECTOR'S/CEO AND CHIEF
FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

126 | INDEPENDENT AUDITOR'S REPORT

130 | STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

131 | STATEMENT OF FINANCIAL POSITION

132 | STATEMENT OF CHANGES IN EQUITY

133 | STATEMENT OF CASH FLOW

134 | NOTES TO THE FINANCIAL STATEMENTS

182 | TEN YEARS AT A GLANCE

184 | SHARE INFORMATION

187 | NOTICE OF ANNUAL GENERAL MEETING

188 | GRI CONTENT INDEX

195 | FORM OF PROXY

INNER BACK COVER | CORPORATE INFORMATION



SINGER INDUSTRIES (CEYLON) PLC IS A LIMITED LIABILITY COMPANY INCORPORATED AND DOMICILED IN SRI LANKA. BEING IN OPERATION OVER FIVE DECADES THE COMPANY IS ENGAGED IN ASSEMBLY OF SEWING MACHINES AND MANUFACTURE OF CABINETS AND STANDS FOR SEWING MACHINES. THE COMPANY'S SOLE CUSTOMER IS SINGER GROUP.

OUR VISION

TO MANUFACTURE
WORLD-CLASS
APPLIANCES FOR
THE HOME

OUR MISSION

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

OUR 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 norm

OUR VALUES

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

SINGER
INDUSTRIES (CEYLON) PLC



ABOUT THIS REPORT



SINGER INDUSTRIES (CEYLON) PLC ANNUAL REPORT 2021/22

Welcome to Our First Integrated Annual Report

Singer Industries (Ceylon) PLC has embarked on the integrated reporting journey to introduce a holistic view of the Company's ability to create value in short, medium and long term and the ability to create competitive sustainable value to our key stakeholders.

We strive to provide a comprehensive yet concise review on how Singer Industries (Ceylon) PLC (the Company) created value for its stakeholders through its financial, social and environmental performance for the year ended 31 March 2022.

Reporting Cycle

The Annual Report of the Company covers the period of twelve - months of our annual reporting cycle from 1 April 2021 to 31 March 2022 and other material events post this reporting period.

Report Scope and Boundary

The Company's financial information is presented on pages 130 to 181 of this Report, while non-financial information presented throughout the Report represents that of the Company. The Integrated Reporting boundary extends beyond internal operations to include external stakeholders, supply chain impacts and other risks and opportunities stemming from the operating landscape. There were no

significant changes to the Company's size, structure, shareholding or supply chain during the year under review and no significant restatements of previously reported economic, social or environmental information.

The Company obtains assurance for sustainability/non-financial information from Messrs. Ernst and Young

Financial Reporting

The Financial Statements presented on pages 130 to 181 of this Report have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS / LKAS) issued by the Company of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Integrated Approach

In our continuous quest to improve and refine our financial reporting this year, we have demonstrated how we have utilized the six capitals to create increased value to our shareholders. The Company creates value through the Business Model, which takes inputs from the six capitals and transforms through its business activities to produce outputs and outcomes that create value over time for its diverse stakeholders.

Standards and Principles of Preparation

The following standards have been complied with:

Sri Lanka Financial Reporting Standards

<IR> Framework of the International Integrated Reporting Council

This report has been prepared in accordance with the GRI Standards: Core option

Sustainable Development Goals Reporting

Listing Requirements of the Colombo Stock Exchange

Code of Best Practice on Corporate Governance issued by Securities and Exchange Commission of Sri Lanka (2017)

Feedback

We believe that integrated reporting is an evolutionary process. We strive to enhance the content in a continuous manner.

We welcome your comments on the Annual Report. Please contact our Chief Financial Officer as follows:

Chief Financial Officer

Address: Singer Industries (Ceylon) PLC, No. 02, 5th Lane, Ratmalana
Telephone: 0112635101

The six capitals are as follows:



FINANCIAL CAPITAL

- This includes the equity and the accumulated reserves of the Company.



HUMAN CAPITAL

- Represents the investment in our employees to develop their competencies and capabilities to deliver an outstanding service to our stakeholders.



MANUFACTURED CAPITAL

- This is represented by the investments made in buildings, machinery and the physical infrastructure that directly drives the manufacturing and value creating activities.



SOCIAL AND RELATIONSHIP CAPITAL

- The relationships that we build with our customer (i.e., our parent company) suppliers and business partners in carrying out our business operations.



NATURAL CAPITAL

- The natural resources that are used by the Company to conduct our operations. We are committed to protect and preserve the natural resources in order to build and promote sustainable business practices.



INTELLECTUAL CAPITAL

- Our brand strength built over the years, tacit knowledge and business know-how is represented by intellectual capital.



Print Available on request



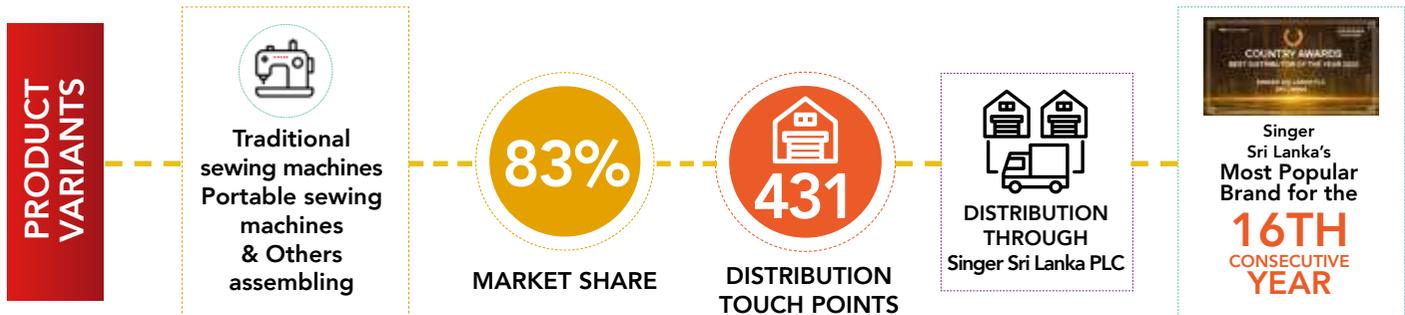
Online Available as PDF



www.singer.lk

ORGANISATIONAL OVERVIEW

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



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

The sewing machines manufactured by the Company are marketed by our parent Company, Singer (Sri Lanka) PLC. Further, the Company manufactures air conditioner brackets, Singer oil bottles, furniture components (sofa legs) and CCTV accessory kits to be distributed by its parent company. Additionally, the Company also manufactures washing machine components and refrigerator components as a sub-contract operation to its affiliated company - Regnis Group. The Company sustained its dominance as the market leader holding a market share of 83% in the local sewing machine industry.

Despite encountering exceptionally challenging external conditions at the onset of the Covid 19 pandemic 2020, the Company has experienced an upsurge in demand post commencement of economic activity. With the Company's renewed strategic focus, it has enabled it to outperform its previous years, leading to enhanced profitability. The financial performance of the Company, the efforts taken to nurture our workforce, and our social and environmental footprint are discussed in the ensuing sections.

Through its parent entity, the Company is part of the Hayleys Group- Sri Lanka's most diversified conglomerate with wide ranging business interests across 13 sectors.



Key differentiating factors



Key Highlights



Performance Highlights of 2021/22

Key factors that impacted our performance in the FY 2021/22

**VOLUME GROWTH**

37% growth in sales volumes in portable sewing machines enhanced our top line revenue growth levels

**SALES MIX**

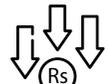
A diversified product mix had a positive impact on optimum utilization of our resources and profitability margins.

**RAW MATERIAL COSTS**

An average of 44% increase in imported raw material costs and sharp increase in freight rates had an adverse impact on margins

**EXCHANGE RATE**

55% depreciation in exchange rate contributed towards the escalation in the cost of imported raw materials/ components

**COST SAVING INITIATIVES**

Initiatives to optimise resources, manage overheads and reduce wastage

PERFORMANCE HIGHLIGHTS



SINGER SHOPS
431



SERVICE CENTRES
14



SEWING MACHINE SCHOOLS
62



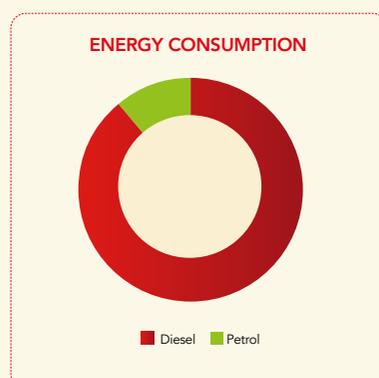
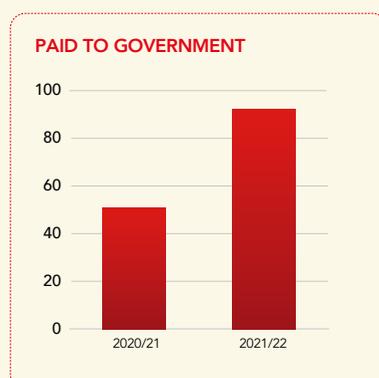
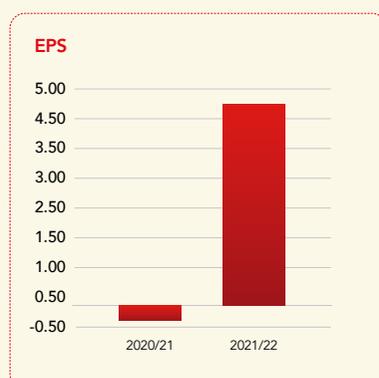
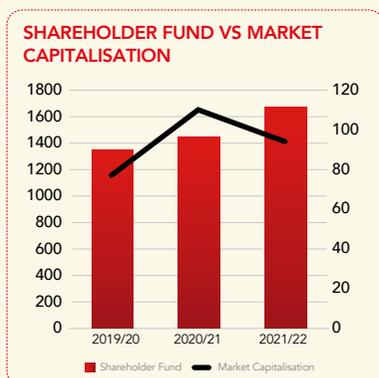
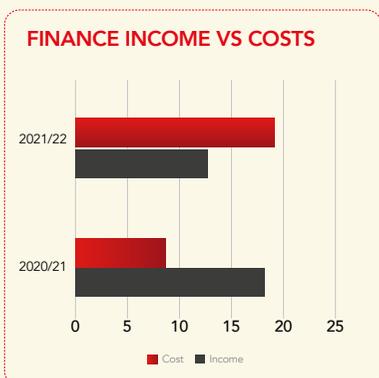
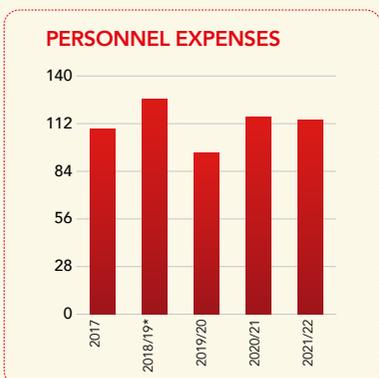
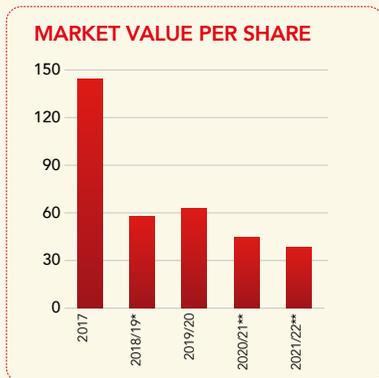
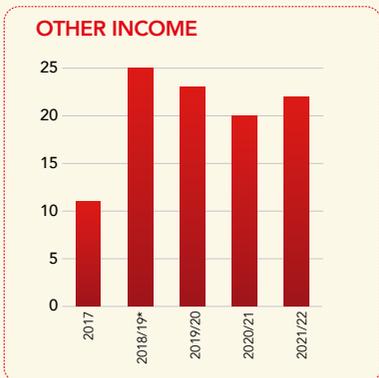
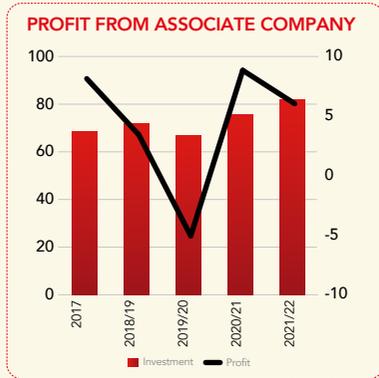
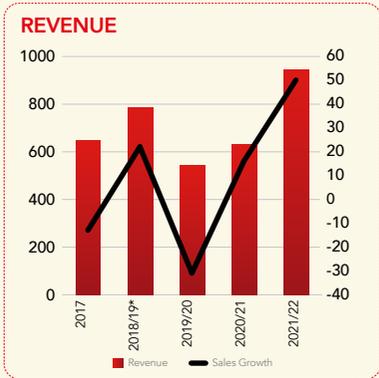
SERVICE FRANCHISERS
370+

FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE		2021/22	2020/21	2019/20
Revenue	Rs. Million	943.7	629.6	541.9
Gross Profit/(Loss)	Rs. Million	45.3	-41.9	-20.0
Interest Income	Rs. Million	13.3	17.8	18.9
Interest Expense	Rs. Million	-19.5	-8.7	-10.0
Operating Profit	Rs. Million	109.1	-19.8	7.6
Share of Profit/(Loss) of Equity Accounted Investee	Rs. Million	5.9	8.8	-5.1
Profit Before Tax	Rs. Million	108.9	-2.0	11.4
Income Tax Expenses	Rs. Million	-16.1	-5.0	3.9
Profit/(Loss) for the Period	Rs. Million	92.7	-6.9	15.3
Gross Dividend	Rs. Million	Nil	Nil	9.2
Financial Position as at the Year End				
Property, Plant and Equipment	Rs. Million	1,284.6	1,112.7	1,119.8
Non-Current Assets	Rs. Million	1,749.2	1,511.3	1,494.7
Current Assets	Rs. Million	605.5	464.9	396.8
Total Assets	Rs. Million	2,354.7	1,976.2	1,891.5
Stated Capital	Rs. Million	100.0	100.0	100.0
Interest Bearing Short Term Loans & Overdrafts	Rs. Million	194.0	138.7	88.3
Total Liabilities	Rs. Million	681.6	530.7	540.9
Share Information				
Highest Value Recorded during the year	Rs.	60.0	140.0*	78.00
Lowest Value Recorded during the year	Rs.	37.5	43.0	50.20
Market Value of Share	Rs.	38.3	44.7	62.9*
Total No. of Shares	Nos.	20,000,760	20,000,760	10,000,380
Market capitalisation as at 31 March	Rs. Million	94.0	109.7	77.2
Profitability Ratios				
Gross Margin	%	4.8	-6.6	-3.7
Operating Margin	%	11.6	-3.1	1.4
Net Profit Margin	%	9.8	-1.1	2.8
ROCE	%	6.9	0.4	1.5
Return on Total Assets	%	3.9	-0.4	0.8
Liquidity Ratios				
Current Ratio	Times	1.6	1.6	2.1
Quick Asset Ratio	Times	0.8	1.1	1.3
Equity Ratios				
Basic Earnings per Share	Rs.	4.6	(0.4)	0.8
Net Asset Value per Share	Rs.	83.6	72.3	67.5
P/E Ratio	Times	8.3	(111.8)	41.9
Return on Equity	%	5.5	-0.5	1.1
Debt Ratios				
Gearing ratio	%	10.4	8.8	6.1
Interest cover	Times	6.6	0.8	2.1

* Prior to the sub-division of shares

FINANCIAL PERFORMANCE



* Fifteen months ended 31 March 2019
** Subsequent to the sub division of shares

NON FINANCIAL PERFORMANCE

		2021/22	2020/21	
Financial and Manufactured Capital				
	Generated	Rs.million	247.1	201.1
	Distributed to:			
	Employees	Rs.million	113.8	115.6
	Government	Rs.million	92.3	50.7
	As interest	Rs.million	19.5	8.7
	Reinvested	Rs.million	12.6	17.4
	Depreciation	Rs.million	8.9	8.7
Human Capital				
	Total employees	No.	72	77
	Payments to employees	Rs. million	113.8	115.6
	Remuneration per employee	Rs.million	1.6	1.5
	Profit per employee	Rs. million	1.3	(0.1)
	Employee retention rate	%	94%	93%
	Employee benefit liability	Rs. million	67.4	55.0
	No. of promotions	No.	1	1
	Female representation	%	8.3%	6.0%
	Investment in training	Rs. million	0.3	0.2
	Total training hours	Hours	389	102
	Average training hours/employee	Hours	5.4	1.3
	Workplace injuries reduction	%	46%	55%
	Union representation	%	78%	83%
	Instances of disruption to work	No.	Nil	Nil
	Incidents of discrimination	No.	Nil	Nil
Incidents of child labour	No.	Nil	Nil	
Manufactured Capital				
	Investment in capex	Rs. million	1.2	1.7
	Property, plant and equipment	Rs. million	1,284.6	1,112.7
	Production volume – sewing machines	No.	23,550	23,086
	Depreciation	Rs. million	9.0	8.7
	Capacity utilisation	%	71	68
	Production Mix (Products)	No.	22	21

NON FINANCIAL PERFORMANCE

		2021/22	2020/21	
Intellectual Capital (Company)				
	R&D Investment	Rs.million	0.1	0.1
	New products launched	No.	5	2
	Avg length of employee service - Executive	Years	16	N/A
	Avg length of employee service – Non-Executive	Years	32.7	31
Social and Relationship Capital				
	Payments to suppliers	Rs.million	800.9	446.5
	Proportional spending to local suppliers	%	43.6	42.4
	Investment in CSR	Rs.million	0.1	-
Natural capital				
	Material	MT	1,011.9	1,029.2
	Energy consumption	GJ	1,540.3	1,261.5
	Energy intensity	GJ per Unit	0.1	0.1
	Water consumption	M3	634.4	814.8
	Water consumption per unit	M3/unit	0.03	0.04
	Solid waste generation	MT	67.9	63.0



THE SINGER SEWING MACHINE
HAS EVOLVED TOWARDS
MODERN AND FUTURISTIC
DESIGNS WHICH ARE
APPEALING TO THE YOUNGER
MILLENNIALS TO EXPRESS
THEIR CREATIVITY.

OUR JOURNEY OF VALUE CREATION



The Company was successful in posting a commendable revenue growth of 50% during the year, supported by enhanced revenue from a 37% increase in portable sewing machine sales.

CHAIRMAN'S STATEMENT

Dear Shareholder,

The financial year 2021/22 was tumultuous, with the operating landscape dominated by pandemic-led disruptions along with significant macro-economic challenges. In this extraordinary operating context, Singer Industries (Ceylon) PLC focused on adapting to the volatile business conditions to ensure value creation for all stakeholders. It is heartening to note that Company made significant operational progress whilst broad basing its product range to build a future fit portfolio. It is my pleasure to present to you the Annual Report and Financial Statements for the year ending 31 March 2022.

Navigating the economic landscape

The country experienced a myriad of challenges whilst navigating its way through the COVID-19 pandemic. The significant decline in tourist arrivals and worker remittances & depleted the foreign exchange reserves of the country has resulted in difficulties in meeting debt obligations. The shortage of foreign exchange liquidity in the banking system led to shortages in imported essential items in the country. The CBSL allowed the free float of LKR (Sri Lankan Rupee) against the USD which resulted in a depreciation during the last quarter of 2021/22. The surge in global commodity prices and depreciation of LKR further created significant inflationary pressure with y-o-y inflation measured by NCPI increasing to 21.5% in March, 2022.

In addition to the challenges faced in the domestic front, the Company had to grapple with logistical issues in sourcing imported raw materials due to the surge in global freight costs. The domestic challenges in procuring imported raw materials, the surge in global freight rates and an increase in global 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 will pose a significant challenge in marketability of products.

The demand for portable sewing machines was resilient during the year despite the Consumer Durables industry facing the inevitable supply-side challenges stemming from the economic crisis. As demand for traditional sewing machines gradually declined, a positive shift was witnessed with increased demand for modern and portable sewing machines. This has been positive trend that we have witnessed over the last two years where we have witnessed the resurgence of sewing as a hobby gaining traction amongst the youth. We therefore see tremendous potential in this demographic segment which we hope to leverage through our Singer Sewing Schools and extensive distribution footprint. The Company also continued to pursue increased revenue diversification through component manufacturing which helped to enhance the revenue mix in the year under review.

With enhanced uncertainties in the external environment the Company focused on ensuring continuity of production through proactively addressing supply chain issues and managing working capital cycles. These measures, along with the Company's



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



strategic imperatives are discussed in the Chief Executive Officer's Review on page 19 of this Annual Report. The Company has 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.

Delivering Shareholder Value

The Company was successful in posting a commendable revenue growth of 50% during the year, supported by enhanced revenue from a 37% increase in portable sewing machine sales.

Buoyed by strong top line growth, the Company was successful in turning around its gross margin levels after a lapse of four years. Thereby, the Company during the year under review, recorded a Profit before tax stood at Rs. 108.9 Mn from a loss of Rs. 1.9 Mn in previous financial year.

The earnings per share (EPS) also improved to Rs. 4.64 from loss of Rs. 0.35 the previous year. These positive results of the company validate the success of the strategies set in place by the company to enhance operational excellence and diversify its revenue mix through product diversification strategies.

Corporate Governance and Stewardship

In a volatile business setting, robust corporate governance frameworks provide a solid foundation for navigating emerging complexities. The Company has in place 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 to take proactive decision making to minimise the impact of the macro-economic developments on the Company's performance.

A Sustainable Operation

The pandemic has highlighted the inter-connectedness that exists among 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 the organisations' strategy and day-to-day business. As a manufacturing organisation, we are deeply cognizant of our environmental footprint of our operations and have taken several initiatives to enhance energy efficiency, reduce water consumption and responsible usage of natural resources.

Way Forward

As the undisputed market leader in the sewing machines category, we

CHAIRMAN'S STATEMENT

are confident of our ability to drive shifts in consumer demand, leveraging on the strength of our brand and unmatched geographical reach of our parent entity to drive increased penetration. With government stimulus towards local manufacturing, we are keen to pursue avenues for expanding our manufacturing footprint and will continue to explore revenue diversification to harness our potential for growth.

We are cognizant of the inevitable short-term challenges stemming from the country's current macro-economic landscape. The Company is well equipped to manage the adverse impacts by preserving liquidity, effectively managing working capital cycles, enhancing operating efficiencies and strengthening risk management practices.

Despite the challenges in the short-term horizon, our medium-to-long term outlook remains positive. We are confident that the appropriate monetary and fiscal policy response, much-needed structural reforms and the IMF assistance through Extended Fund Facility (EFF) will drive the country's economic recovery. The Company is optimistic about the opportunities that such a recovery will present and is currently exploring opportunities to diversify its product categories by moving towards broadening the product portfolio to optimize our existing resources and capabilities with the overarching objective of strengthening local manufacture to preserve the foreign exchange outflows.

Acknowledgements

I take this opportunity to express my appreciation to my colleagues on the Board for their valuable counsel and wisdom in navigating through amidst

extraordinarily challenges. I also extend my gratitude to the Factory Manager, and all employees of Team Singer Industries for their commitment, passion and unstinted support during the year. I also take this opportunity to thank all our business partners, suppliers, and stakeholders who have partnered us in our journey of growth.

Thank you.

(Sgd.)

Mohan Pandithage
Chairman



Achieving operational excellence through ongoing focus on process efficiencies and productivity improvements has been a key priority for the Group, contributing towards nurturing a cost-conscious, and productivity-driven culture by minimising waste.

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Stakeholder,

The financial year under review proved to be an extraordinarily challenging year across many fronts as many organizations were affected by the pandemic led business interruptions as well as the deepening economic crisis in the latter part of 2021/22. Against this challenging and volatile business landscape, Singer Industries (Ceylon) PLC recorded a noteworthy performance by harnessing its latent capabilities to deliver positive stakeholder value.

Performance Overview

The Company was successful in achieving a growth momentum by recording a 50% increase in revenue of Rs 943.7 Mn despite the COVID-19 pandemic and the economic challenges experienced in FY 2021/22. Another significant

achievement is the improvement of the contribution – gross profit of the company after a lapse of four years of negative operational profits. Thereby, the Company reported a Gross profit of Rs. 45.3 million compared to a gross loss of Rs. 41.9 million in the preceding year. This is a significant achievement considering the 44% increase in raw material costs and significant exchange loss stemming from the depreciation of the Rupee in March 2022 exerting substantial pressure on the company's cost structures.

Significant price escalation of imported products/components mainly due to the severe shortage of foreign exchange liquidity, longer lead times for supplies, and depreciation of the Sri Lankan Rupee (LKR) towards the latter part of the year increased the production costs significantly.

CHIEF EXECUTIVE OFFICER'S REVIEW

The Company's Sales & Distribution expenses increased by 14% due to higher transport costs. The finance costs increased significantly to Rs. 19.5 million, compared to Rs. 8.7 million reported in the previous financial year, driven by increase in the market interest rates and the increased borrowing levels to finance the working capital requirement. The Company recorded finance income of Rs 13.3 million for the year under review through the investment of a fixed deposit with, Singer Finance (Lanka) PLC. Total assets increased to Rs 379 million. The Company invested in a plastic crusher machine which generates substantial costs savings. Achieving operational excellence through ongoing focus on process efficiencies and productivity improvements has been a key priority for the Group, contributing towards nurturing a cost-conscious, and productivity-driven culture by minimising waste.

The demand for traditional sewing machines recorded a declining trend. However, it was encouraging to witness a significant growth in the modern, portable sewing machine range driven by sewing gaining traction as a hobby and an outlet for creativity amongst the younger demographics. This positive trend augurs well for future sales prospects of the portable sewing machine range. This shift has created a positive impact on the revenue of the Company with a volume growth of 37% evident in the portable sewing machine segment. The Company's overall profitability levels were further augmented by the significant increase in revenue coupled with operational excellence and cost saving initiatives which were undertaken. Resultantly, the Company was able to turn around its loss to a profit of Rs 93 million in the year under review.



The turnaround of the Company to profitability levels once again demonstrates the agility and commitment of the team and the resilience of the business model in navigating through unprecedented challenges posed by the external environment.



Strategy in action

In response the Company placed strategic emphasis on reinventing our existing traditional sewing machines by offering a modern and portable range of machines. We aligned our marketing efforts along these aspirations, seeking to drive increased penetration in younger demographics by highlighting the experiential value of sewing by positioning it an outlet to enhance creativity and recreation. We continue to leverage the strength of our brand and our parent's extensive geographical reach in driving this proposition and are extremely encouraged by the gradual increase in demand for this product. We are optimistic of the growth prospects offered by the opportunities presented the initiatives that we have commenced.

The Company pursued revenue diversification strategies as a measure of countering the gradual decline in revenue from traditional sewing machines by expanding the range components and light engineering products manufactured, in parallel to the widening product portfolio of Singer (Sri Lanka) PLC and other entities within the Group. The Company increased its production volumes in refrigerator and sofa components, Singer oil bottles and A/C brackets components resulting in a contribution of 33% of revenue.

As discussed in the Chairman's Message on page 16 of this Report, sustainability has always been a vital element of our ethos.

The strength of our team

The turnaround of the Company to profitability levels once again demonstrates the agility and commitment of the team and the resilience of the business model in navigating through unprecedented challenges posed by the external environment. The team's focus throughout the year was to maintain manufacturing levels in a seamless manner despite the numerous challenges posed whilst exploring new opportunities through product diversification by utilizing the existing resources such as machinery, factory capacity and expertise. This has reaped tangible results as reflected by the performance metrics.

In addition to driving a collaborative response to the COVID-19 pandemic we facilitated vaccinations for all employees, financial support to all infected employees and continued to invest in hygiene, safety and preventive measures. The Company's employee retention levels remained healthy

at 94%, attesting to the strength of the value proposition offered to our employees.

Way forward

The FY 2022/23 is likely to be a challenging year amidst the ongoing economic crisis in the country and global headwinds such as rising commodity prices and geopolitical instability. We are confident that remaining agile and responsive will position us favourably to navigate our way through these challenges.

Challenges posed in sourcing imported raw materials and components, interruptions to fuel and energy supply, as well as the escalation in interest rates have rendered capital investments unlikely in the short term. While product prices have increased sharply, the escalation in inflation levels will reduce disposable income levels which lead to lower demand for discretionary products such as sewing machines. In this backdrop, the Group's short-term priorities will include preserving liquidity, optimising resources and ensuring the financial security of our employees.

In the short to medium term, we hope to drive the sales of portable sewing machines. The challenge of maintaining this product as a viable and affordable product is significant given the increasing cost of manufacture. As a non-essential price, we hope to maintain cost effectiveness whilst maintaining constant value additions to ensure a steady demand for sewing machines.

We hope to leverage the network of the Singer Business School which caters to 5,000+ students to drive and inculcate the passion for sewing as a hobby. Singer Industries has

been proud to partner the Group in this initiative and look forward to strengthening this relationship thereby driving both our commercial and social sustainability aspirations.

Over the medium-term we are committed to maintain our competitiveness and commercial viability of operations by exploring avenues to broaden the product verticals to harness our existing manufacturing capabilities, technology and unique skill base. We are aggressively pursuing product diversification in the non-sewing machine category by producing light engineering products, sofas and other components to serve the evolving needs of the Singer Group's widening product base. This will enable us to transform the Company to a sub-contracting turf and maximise our revenue streams through strategic tie-ups. The support of the Singer Group and its wide market reach would certainly be a key enabler of this strategy.

As a responsible corporate entity, we are also keen to mitigate the environmental impacts of our operations and continue to drive energy efficiency programmes across the organisation while optimising the use of input materials.

We are optimistic that Sri Lanka as a nation will rise amidst the current challenges by increasing its local manufacturing capabilities thereby reducing its reliance on imports. As the nation's most trusted and leading manufacturer of sewing machines with a rich legacy we are well positioned to support this endeavour of local value addition through our strong and well-equipped manufacturing platform.

Acknowledgements

I would like to take this opportunity to extend my appreciation and gratitude to the Chairman and Board of Directors for their valuable counsel and continued confidence placed in me and my team. The Team has shown extraordinary dedication, passion and commitment. I extend my heartfelt gratitude to Mr. Aruna Kolambage, Factory Manager and all our employees for driving a year of transformative progress. I also wish to thank all our stakeholders including our business partners, suppliers, for partnering our growth journey.

Thank you.

(Sgd.)

Mahesh Wijewardene
Group Chief Executive Officer

BOARD OF DIRECTORS



1



2

1 MOHAN PANDITHAGE
Chairman and Chief Executive

2 MAHESH WIJewardENE
Group Managing Director/Group Chief Executive Officer

3 DILIP WIJEYERATNE
Independent Non-Executive Director

4 MOHAMED HISHAM JAMALDEEN
Independent Non – Executive Director

5 SARATH GANEGODA
Non-Executive Director



3



4



5



6



7



8

6 KELUM KOSPELAWATTA
Executive Director

7 NOEL JOSEPH
Independent Non-Executive Director

8 GAMINI GUNARATNE
Independent Non-Executive Director

9 ROSHAN KULASURIYA
Alternate Director to Mr. M. H. Wijewardene

10 RAMESH CHITRASIRI
Alternate Director to Mr. S.C. Ganegoda



9



10



MOHAN PANDITHAGE

Chairman and

Chief Executive

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

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.

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.



MAHESH WIJewardENE

Group Managing Director/Group

Chief Executive Officer

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

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



DILIP WIJeyerATNE

Independent

Non-Executive Director

Appointed on 1 April 2018.

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

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

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

BOARD OF DIRECTORS



**MOHAMED HISHAM
JAMALDEEN**
Independent

Non – Executive Director

Appointed to the Board of Singer Industries (Ceylon) PLC on 2 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 clientele 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 (Sri Lanka) 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.



SARATH GANEGODA
Non-Executive Director

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

Rejoined Hayleys in March 2007. Appointed to the Group Management Committee in July 2007. Appointed to

the Board in September 2009. 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. Worked for Hayleys Group between 1987 and 2002, ultimately as an Executive Director. Subsequently, 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, Regnis (Lanka) PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC, Horana Plantations PLC and Hayleys Leisure PLC.



KELUM KOSPELAWATTA
Executive Director

Appointed to the Board on 15 October 2014.

Appointed as Factory Director – Associate Companies on 1 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 - Regnis (Lanka) PLC and Regnis Appliances (Pvt) Ltd.



NOEL JOSEPH
Independent
Non-Executive Director

Appointed to the Board on the 2 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 Board of Regnis (Lanka) PLC, Board Director On'ally Holdings PLC, board Director Prime Residencies PLC and is the Managing Partner of Cadteam and Proprietor of N J Consultants.



GAMINI GUNARATNE
Independent
Non-Executive Director

Appointed to the Board on the 2 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, Regnis (Lanka) 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.



ROSHAN KULASURIYA
Alternate Director to
Mr. M. H. Wijewardene

Appointed to the Board of Singer Industries (Ceylon) PLC w.e.f. 20 April 2022.

Mr. Kulasuriya is currently working as Director Human Resources and Business Integration of Singer Group and counts over 30 years of experience in the field of HR and was involved in organizational transformation processes to lead companies to shape up for the future delivering effective HR processes, people management and development as well as Business integration. He joined Singer in January 2019.

Mr. Kulasuriya has held Director Positions in several local and multi-national companies including regional appointments overseas heading HR, Corporate Communications & Sustainability. He serves as the President of the Association of Human Resource Professionals, Sri Lanka. He possesses a Post Graduate Certificate in HR Management from the Post Graduate institute of Management, and a Diploma in Personnel

Management. He is a Member of CEB Corporate Leadership Council, USA. He is also a NLP Certified Coach and holds a HR Core Competency Certification from the Centre of Creative Leadership, USA.



RAMESH CHITRASIRI
Alternate Director to
Mr. S.C. Ganegoda

Appointed to the Board of Singer Industries (Ceylon) PLC w.e.f. 20 April 2022.

Holds a Bachelor's Degree in Accounting and Finance from London School of Economics of the University of London and a Master's Degree in Business Administration from Edinburgh Business School, Scotland. He is an Associate Member of the Chartered Institute of Management Accountants – UK and the Chartered Institute of Marketing – UK in addition to being 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 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 Regnis (Lanka) PLC in addition being a member of the Board of Singer Digital Media (Private) Limited.

MANAGEMENT TEAM



MR. K. D. KOSPELAWATTA
Factory Director/General
Manager Factories



MR. I. A. S. KOLAMBAGE
Factory Manager



MR. I. S. HERATH
Manager Human Resources



MR. G. V. MADUSHANKA
Manager Financial Reporting



MR. S. SATHEESWARARAJA
Assistant Manager Financial
Reporting



MR. K. R. MADUSHANKA
Factory Engineer



**MRS. B. A. G. R.
KULATILLEKA**
Commercial Executive



MR. H. B. N. RATNASIRI
Stores Executive



MR. G. P. H. WIJESINGHE
Factory Operational Executive



MS. M. I. S. FERNANDO
Management Trainee

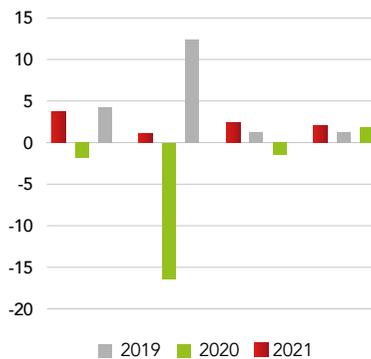
OPERATING ENVIRONMENT

The Sri Lankan economy recovered in 2021 from the pandemic induced contraction in 2020. However, the economy was affected by a significant reduction of foreign inflows due to the downturn in the tourism sector and the reduction of worker remittances. Given the vulnerabilities in the economy, the Central Bank responded by introducing monetary policy easing, ample liquidity provision to the markets and the Government, and adopting several external sector and financial sector policies, in the absence of adequate policy space in the fiscal sector or an adequately prompt response from the fiscal sector. This enabled the economic recovery in 2021 from the historical contraction recorded in 2020, while also helping cushion the impact of the pandemic on a broader segment of the stakeholders.

Economic Growth

The Sri Lankan economy showed a contraction of 3.6% in 2020. Reversing this negative trend, the economy reported a growth of 3.7% in 2021. The industrial sector recorded a growth of 5.3% while the agriculture sector witnessed a growth of 2.0%. The services sector grew by 3% during the year. The growth levels of the economy were affected by the third wave of the pandemic during the last two quarters of 2021 and the resultant movement restrictions and intermittent lockdowns which were imposed that had a direct impact on the economic activity of the country. Meanwhile, on the expenditure front, both consumption and investment expenditure picked up in 2021, with the gradual normalisation of economic activities in the country. However, net external demand further contracted during the year as the surge in imports outstripped the growth in exports. Investment gap as a percentage of GDP widened during the year, largely due to the higher growth in investment expenditure.

GDP GROWTH BY QUARTER



Source: Census and Statistics

IMPACT ON BUSINESS

The improvement in the economy during the year saw a gradual improvement of business activity which had a positive impact on the demand for consumer items.

Manufacturing Sector

Following a notable setback in 2020, the manufacturing sector rebounded in 2021 despite the challenges brought about by the Covid-19 pandemic. As per the Index of Industrial Production

(IIP) compiled by the DCS, with increased production across majority of the sub sectors, the manufacturing sector witnessed a significant growth of 7.3% in 2021 compared to the decline of 10.2 % observed in 2020. The highest value of the IIP of 119.6 since its inception was reported in March 2021.

IMPACT ON BUSINESS

The imposition of selective and less rigid mobility restrictions during the outbreaks of Covid-19 in 2021 allowed manufacturing activities to continue without disruption. The vaccination drive that picked up pace, especially during the second half of the year also facilitated the continuation of industrial activity.

Government Policy

Import restrictions on consumer goods imposed in March 2020, continued during the year. The import restrictions were imposed as part of the government efforts to manage the outflow of foreign exchange and encourage import substitution industries.

OPERATING ENVIRONMENT

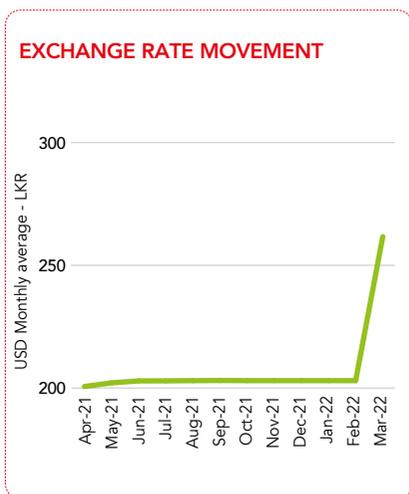
IMPACT ON BUSINESS

This had a positive impact on the demand for locally produced items which are price competitive compared to imported items.

Exchange Rate

The Sri Lankan Rupee remained broadly stable in 2021 due to CBSL effectively fixing the official exchange rate at LKR 200-203 per U.S. Dollar since April 2021. Inadequate inflows to the domestic foreign exchange market amidst large outflows including debt repayments continued to put pressure on the exchange rate resulting in the Rupee depreciating by 7% in 2021.

CBSL allowed a measured adjustment in the exchange rate since early March 2022. However, the notable pressures witnessed in the domestic foreign exchange market caused a significant depreciation of the Rupee. Consequently, the Sri Lanka rupee which depreciated by 7.0% in 2021, depreciated significantly by 33% by end March 2022.



Source : CBSL

IMPACT ON BUSINESS

The depreciation of the Rupee towards the end of the financial year significantly drove the price of components and raw materials. The Company took steps to maintain adequate stocks of raw materials to enable an uninterrupted manufacturing process.

Interest Rates

The Central Bank of Sri Lanka (CBSL) commenced tightening of its monetary policy stance from August 2021 to manage the inflationary pressures and address the imbalances on the external front. As result, interest rates that had declined to a historical low in by mid 2021, started gradually increasing towards the end of 2021.

IMPACT ON BUSINESS

The Company's borrowing costs increased due to the increase in interest rates in the last quarter of the financial year and the increase in borrowings to finance the enhanced working capital requirements of the company.

Inflation

Inflation has steadily risen since early 2021, on account of exchange rate depreciation, supply shortages and increases in administered fuel and food prices owing to global price increases. Headline inflation, as measured by the year-on-year (Y-o-Y) change in the National Consumer Price Index increased significantly to 21.5% in March 2022 as compared to 5.1% in March 2021.

MOVEMENT OF INFLATION



Source : CBSL

IMPACT ON BUSINESS

Rising inflation levels has a direct impact on the customers' disposable incomes. As sewing machines are discretionary items, increasing inflation levels has a negative impact of demand.

Outlook

The current economic crisis in the country has muted growth prospects for the FY 2022/23. Further, global headwinds such as rising energy prices, supply chain disruptions and rising commodity prices will pose as key challenges in the year ahead. However, the medium-to-long term outlook remains positive, in the backdrop of monetary and fiscal policy response along with much-needed structural reforms and the IMF supported bail-out package will drive the country's economic recovery.

STAKEHOLDER INTERACTIONS

We maintain regular and proactive communication with our stakeholders, allowing us to immediately define the challenges that are most significant to them. As a result, we will be able to develop a strategy to address these needs. We engage through a variety of official and informal channels, and we work hard to effectively manage the frequently alternative opinions of our diverse stakeholders. When identifying and prioritizing stakeholders with whom to engage, we examine the parties who may have the most impact on our value creation process and those who are most impacted by our decisions.

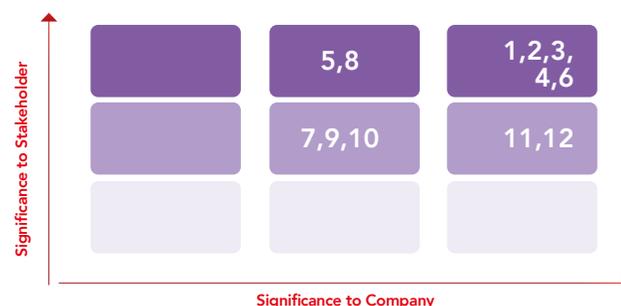
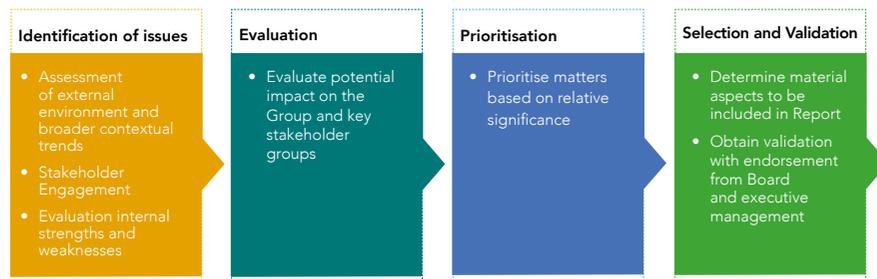
Stakeholder Group	Engagement Platform	Concerns/Expectations	Our Response
 <p>Employees 72 employees</p>	<ul style="list-style-type: none"> Formal performance appraisals Staff meetings Regular meetings with trade unions Procedure for Reporting Grievances Company performance communication 	<ul style="list-style-type: none"> Fair compensation Job Stability Employee Benefits Workplace Health and Safety Conducive Workplace Collective Bargaining 	<ul style="list-style-type: none"> Benchmarked compensation packages are competitive in the industry System of performance evaluation that is fair and transparent Throughout the year, we maintained cordial connections with our unions and took possible steps to sign a collective bargaining agreement
 <p>Shareholders 87.72% of the shareholding is held by Singer (Sri Lanka) PLC</p>	<ul style="list-style-type: none"> Annual Report Quarterly Financial Statements Investor Forums 	<ul style="list-style-type: none"> Earnings growth that is sustainable The returns are proportionate to the risks taken Communication openness and timeliness are measures of how the company reacts to the market Corporate governance and risk management practices that are robust 	<ul style="list-style-type: none"> Safeguarding our market position Improving manufacturing capacity and efficiency Corporate Governance and risk management
 <p>Suppliers 96 local, international suppliers, sub-contractors and B2B</p>	<ul style="list-style-type: none"> Communication in writing Visits to the sites Evaluation and feedback from suppliers Relationship management 	<ul style="list-style-type: none"> Transparent procurement practices On-time payments Constructive feedback Business growth 	<ul style="list-style-type: none"> Effective procurement procedures Processes for providing positive input on quality assurance Payments were made on schedule
 <p>Regulators</p>	<ul style="list-style-type: none"> Participation in industry forums and corporate engagement platforms. Written correspondence Facilitating visits 	<ul style="list-style-type: none"> Compliance with regulations Timely filing of returns and payments Compliance with applicable regulations Addition of local value Tax payments made on time 	<ul style="list-style-type: none"> Opportunities for employment Economic and social advancement Maintain complete complying with all relevant regulations
 <p>Community</p>	<ul style="list-style-type: none"> CSR initiatives Mechanisms for resolving community grievances Recruitment from local communities 	<ul style="list-style-type: none"> Possibilities for employment Socioeconomic advancement Concerns about the environment Assistance with community needs Business practices that are ethical 	<ul style="list-style-type: none"> Recruit from local communities where possible Provide opportunities for local entrepreneurs where possible Environmental impact management in accordance with CEA standards

MATERIALITY MATTERS

Material matters are defined as the issues that are of critical importance to our stakeholders which have the ability to significantly impact our performance and value creation.

The Company's material matters are integral to 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.

The following process is maintained to determine issues that are material to the Company:



Material Matters

The challenging externalities and uncertainty that prevailed during the year under review 2021/22 resulted in a shift in the Company's internal and operating landscape. This had a direct impact on the Company's material topics.

The materiality matrix for the year is presented below:

No.	Material topic and why it is material to us	Corresponding GRI topic
1	<p>Employee health and safety</p> <p>With the intensity of the Covid-19 pandemic reaching its peak in the first two quarters of 2021/22, health and safety was key risk factor. This had a direct impact on business continuity and maintaining production levels, employee morale and corporate reputation.</p>	<p>GRI 403: Occupational health and safety</p> <p>GRI 406: Non-discrimination</p>
2	<p>Manufacturing and Operational excellence</p> <p>Our primary activity is assembly of sewing machines and manufacture of cabinets. Our manufacturing capabilities determine our product quality, capacity to innovate and competitive position.</p> <p>Increased importance due to priority placed on optimising resources and managing costs.</p>	
3	<p>Exchange rate fluctuations</p> <p>Restrictions, taxes, monetary and fiscal policy have a direct impact on our performance. Increased importance due to sharp depreciation of exchange rate in recent months.</p>	

MATERIALITY MATTERS

4 Fluctuations in raw material prices

Approximately 80% of our cost of sales comprises imported components. Therefore, price fluctuations have a considerable impact on our profitability margins.

Increased importance due to increased volatility in raw material prices driven by exchange rate fluctuations has impacted the cost of raw materials.

5 Innovation

Intensifying competitive pressures and more sophisticated customer needs compel us to consistently widen our portfolio through innovative product offerings.

6 Managing our talent pool

Our employees are our main resource that deliver performance; therefore attracting, developing and retaining the right talent is critical for long-term sustainability.

GRI 401: Employment
GRI 402: Labour Management Relations
GRI 404: Training and education

7 Product responsibility

Maintaining and adhering to product safety protocols ensures that the product safety guidelines are maintained.

GRI 416: Customer health and safety
GRI 417: Marketing and labelling
GRI 418: Customer Privacy

8 Maintaining Price Competitiveness

Maintaining optimum price levels ensures the competitiveness of the product.

9 Supplier relationships

Maintaining mutually beneficial supplier relationships is critical to ensuring a sustainable supply chain and uninterrupted operations.

GRI 204: Procurement practices
GRI 308: Supplier environmental assessment
GRI 407: Freedom of association and collective bargaining
GRI 409: Forced or compulsory labor
GRI 414: Supplier social assessment

10 Government policy

Regulatory developments pertaining to import restrictions, taxes, monetary and fiscal policy have a direct impact on our performance.

GRI 207: Tax
GRI 415: Public policy

11 Managing our environmental impacts

As a responsible corporate citizen, we are committed towards reducing the environmental footprint particularly in energy and water consumption, through our products and discharge of emissions.

GRI 301: Raw materials
GRI 302: Energy
GRI 303: Water
GRI 305: Emissions
GRI 306: Effluents and waste
GRI 307: Environmental compliance
GRI 419: Socioeconomic Compliance

12 Community engagement

Healthy relationships with the communities we operate in, is vital in preserving our social license to operate. This ensures business continuity.

GRI 413: Local communities
GRI 411: Rights of indigenous peoples
GRI 201: Economic performance
GRI 408: Child labor

VALUE CREATION

CAPITAL INPUTS

FINANCIAL CAPITAL
Shareholders and debt providers finance the expansion plans of the Company in return for sustainable returns
Shareholders' funds: **Rs. 1,673 million**
Debt: **Rs. 194 million**
(Page 34 for more information)

MANUFACTURED CAPITAL
Machinery, equipment and other physical infrastructure that facilitate production
Property, plant and equipment: **Rs. 1,285 million**
(Page 45 for more information)

HUMAN CAPITAL
Skills, attitudes and work ethic of **72 employees**
(Page 49 for more information)

SOCIAL & RELATIONSHIP CAPITAL
Suppliers: **89**
Sub-contractors: **3**
Other business partners: **4**
Community relationships
(Page 41 for more information)

INTELLECTUAL CAPITAL
The Singer Brand
Tacit knowledge and capacity for innovation
Systems, processes and standards
(Page 58 for more information)

NATURAL CAPITAL
Raw materials: **1,011.9 MT**
Water use: **634.4 M3**
Energy consumption: **1,540.3 GJ**
(Page 55 for more information)

VALUE TRANSFORMATION

OUR VISION

TO MANUFACTURE WORLD-CLASS APPLIANCES FOR THE HOME.



STRATEGIC PRIORITIES



OUTPUTS

13,807

sewing machine
cabinets manufactured

23,550

portable sewing machines
manufactured/assembled

214,287

No. of units in other
components

PERFORMANCE OUTCOMES

FINANCIAL CAPITAL

(Page 34)

Generating sustainable shareholder value

- + Market price per share: **Rs. 38.3**
- + Return on total assets: **3.9%**

MANUFACTURED CAPITAL

(Page 45)

- + Capacity utilisation: **71%**
- + Capital expenditure: **Rs. 1.2 million**
- + Volume growth of portable machines: **37%**

HUMAN CAPITAL

(Page 49)

Creating a conducive, dynamic and rewarding work environment

- + Total payments to employees: **Rs. 113.8 million**
- + Investment in training: **Rs. 0.3 million**
- + Employee retention: **94%**
- + Injuries: **7 occasions**

INTELLECTUAL CAPITAL

(Page 58)

New products launched: **5**
Avg service - Executives: **16 years**

SOCIAL & RELATIONSHIP CAPITAL

(Page 41)

Maintained proactive, mutually-beneficial and equitable relationships with stakeholders

- + Supplier payments: **Rs. 780.1 million**
- + Payments to sub-contractors: **Rs. 20.8 million**
- + Community investments: **Rs. 0.1 million**

NATURAL CAPITAL

(Page 55)

Environmental impacts of our operations

- Waste generated: **MT 67.9**
- Water consumption: **M3 0.03/unit**
- Energy intensity: **0.1 Gj/unit**



FINANCIAL CAPITAL



AT SINGER INDUSTRIES (CEYLON) PLC, WE ARE FOCUSED ON EFFECTIVELY MANAGING OUR FINANCIAL CAPITAL WHICH WILL HARNESS THE OPPORTUNITY FOR LONG-TERM VALUE CREATION. OUR FINANCIAL CAPITAL INCLUDES THE SHAREHOLDER FUNDS AND BORROWINGS WHICH ARE USED FOR COMPANY'S OPERATIONS TO CREATE VALUE FOR OUR STAKEHOLDERS.

Analysis of performance

The following discussion and analysis should be read in conjunction with the Audited Financial Statements of Singer Industries (Ceylon) PLC and the share of profit of its Associate Company, Reality (Lanka) Limited.

Management Approach

We are determined to use our financial capital in a prudent way to create the maximum possible value for stakeholders. Our main focus areas in financial capital management are cost optimization, liquidity management, and profitability management.

Basis of Preparation and Comparative Figures

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

Rs. million	2021/22	2020/21	%
Revenue	943.7	629.6	+50%
Gross profit/(loss)	45.3	(41.9)	+>100%
Operating profit/(loss)	109.1	(19.8)	+>100%
Net finance (cost)/income	(6.1)	9.1	->100%
The profit share of associate	5.9	8.8	-33%
Profit/(loss) before tax	108.9	(1.9)	+>100%
Profit/(loss) after tax	92.7	(6.9)	+>100%
Investment property	383.0	322.9	+19%
Inventories	304.6	147.9	+>100%
Total assets	2,354.7	1,976.2	+19%
Total borrowings	194.0	138.7	+40%
% Debt to equity	11.6%	9.6%	-

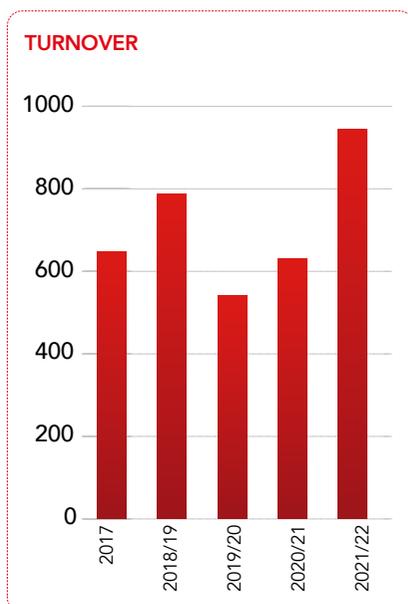
Revenue

Amidst extremely challenging market conditions, the Company performed exceptionally well and recorded impressive results for the financial year 2021/22 which saw a growth of 50% in revenue which stood at Rs. 943.7 million compared to last year's revenue of Rs. 629.6 million. The first half of the year was impacted by the surge

of Covid 19 pandemic whereas the second half of the year was impacted by turbulent economic conditions in the country thus making it an extremely difficult year for us. However, with the backing of our parent company's marketing strategies and our production capabilities, we were able to achieve the highest revenue in the last five years.

YOY Revenue
Growth

50%

Revenue for the Year
Rs. 943.7 million

** 15 months ended
31 March 2019 (2018/19)

Sewing machines, cabinets, and stands

Key drivers for the revenue increase were the volume increase in portable sewing machines by 37% which also impacted the sale of cabinets and stands. With the pandemic, there was a significant increase in demand for portable sewing machines as lot of households looked for alternative sources of income. This in turn impacted the sales of cabinets for sewing machines as demand for cabinets and stands dropped.

Further, price increases taken considering the material cost increases also affected the revenue increase.

Product	Customer	Sales volume YTD		
		2021/22	2020/21	Variance%
Traditional sewing machines	Singer (Sri Lanka) PLC	11,165	14,031	(20%)
Portable sewing machines	Singer (Sri Lanka) PLC	12,385	9,055	37%
Cabinets for sewing machines	Singer (Sri Lanka) PLC	13,807	16,201	(15%)
Stands for sewing machines	Singer (Sri Lanka) PLC	12,709	15,190	(16%)

YOY Growth
In Sewing Machine Sales 2%

Though there is a drop in volumes of traditional sewing machines including cabinets and stands, there is a growth in the retail market excluding the special order for traditional sewing machines received Municipal Council which received in last year. This order was not placed due to the pandemic.

Except the special order, volumes can be tabled as follows,

Product	Sales volume YTD		
	2021/22	2020/21	Variance %
Traditional sewing machines	11,165	10,127	10%
Cabinets for sewing machines	13,807	12,297	12%
Stands for sewing machines	12,709	11,286	13%

Other Products

Other non-sewing category volume increases as follows,

Product	Customer	Sales Volumes - YTD		
		2021/22	2020/21	Var. %
Washing Machine Tubs	Regnis Appliance (Pvt) Ltd	40,754	33,490	22%
Sofa Legs	Singer Piliyandala Factory	100,780	53,181	90%
Refrigerator Components	Regnis (Lanka) PLC	21,637	20,734	4%
AC Brackets	Singer (Sri Lanka) PLC	30,689	22,717	35%
Singer Oil Products - Packs	Singer (Sri Lanka) PLC	20,353	19,523	4%

The non-core operational activities accounted for 33% of the total revenue, recording Rs. 308 million as of year-end, demonstrating its healthy performance and growth potential. The sales of washing machine tubs to Regnis Appliance contributed largely towards this non-core revenue with a total of Rs. 176 million while the balance was Rs. 132 million stemmed from the sale of refrigerator components to Regnis (Lanka) PLC and the supply of air conditioner brackets, CCTV accessory Kits, Furniture Components, and Singer Oil Bottles to Singer (Sri Lanka) PLC. As evident, the non-core operational activities have transpired to be a key strength towards the total revenue base of the Company during the current financial year.

FINANCIAL CAPITAL

During the second quarter (2021/22), Company expanded the range of CCTV Installation Kits by introducing new categories to generate additional revenue of Rs. 8.4 million for the current financial year and these are being marketed through the brand name, "Dahua".



Mahesh Wijewardene - Group CEO of Singer (Sri Lanka) PLC at the Concept Store opening



Dahua surveillance system product range at the new Concept Store

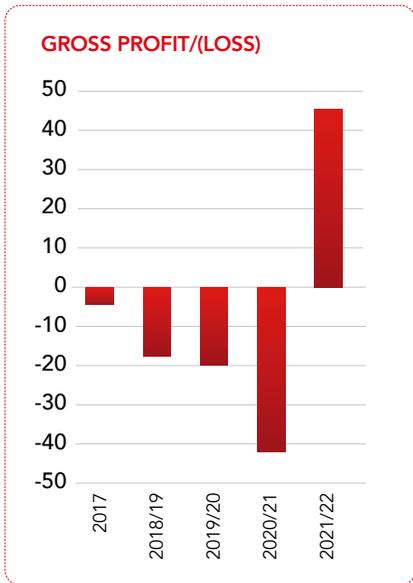
Gross Profit/(Loss)

After recording continuous losses for the last four financial years, Company managed to record a gross profit in 2021/22. This was a huge achievement from the Company's point of view as the management and employees worked extremely hard to achieve this result. Apart from the increase in revenue, this result was hugely backed by our cost optimization strategies. In the backdrop of a depreciating Sri Lankan Rupee against the US Dollar and the resulting surge in material prices, the exchange rate increased by approximately 55% during the current year. However, price adjustments were taken considering the material price increases resulted in an adverse

impact on the Company's profitability. Gross profit for the period was Rs. 45.3 million compared to a gross loss of Rs. 41.9 million in the comparative year. Volume increases in the portable sewing machine range and non-sewing category resulted to keep the gross margin at a healthy level.

Further, based on revised corporate strategies, the Company was able to achieve the planned sales target set for the fourth quarter of the current financial year which kept the company at this level. With all these achievements, the company could achieve a gross profit after the year 2016.

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

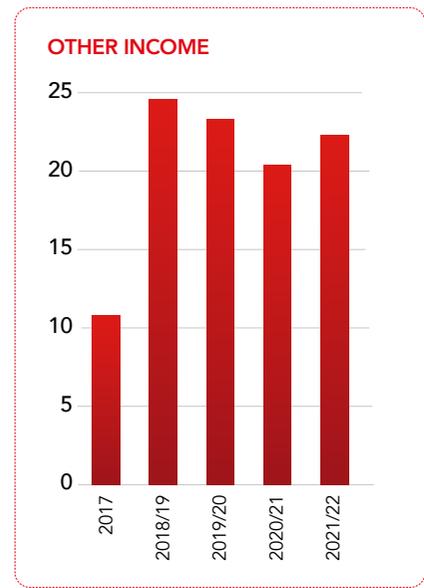


** 15 months ended 31 March 2019 (2018/19)

Other Operating Income

The Company's other operating income of Rs. 22.3 million during the year primarily consisted of rental income earned from its investment property (approximately

an extent of 50.42 perches). Rental income for the year was Rs. 21 million compared to Rs. 19.5 million in the previous financial year. The Company earns rental income by providing warehouse space to its parent company, Singer (Sri Lanka) PLC. Compared to the prior year, an increase of 8% in the annual rental income can be noted.



** 15 months ended 31 March 2019 (2018/19)

Operating Expenses

The administration expenses of the Company for the twelve months ending 31 March 2022 amounted to Rs. 17.6 million compared to Rs. 12.4 million for the previous financial year, ending 31 March 2021. The main reason for the increase in administration expenses was the increase in management fees charged by our ultimate parent Hayleys PLC. However, this service provides a value addition to the Company in many critical areas such as procurement, performance improvement projects, and insurance etc.

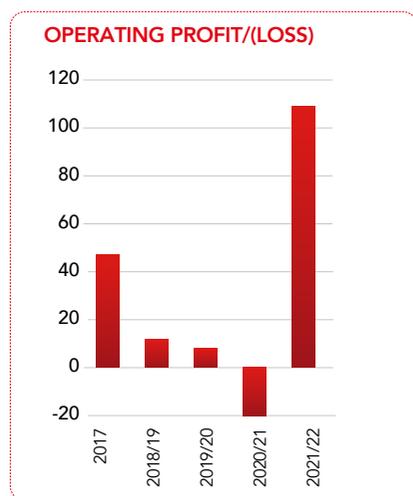
Selling and distribution costs amounted to Rs.1.0 million compared to the Rs. 0.9 million in the last financial year and the increase was

due to the in-transport cost to cater to the increased demand. However, during the year, the company took the following measures to reduce the cost in other areas;

- More focus on productivity improvement and proper utilization of overtime.
- Process improvements to reduce the additional cost.
- Continues follow-up on warranty cost, warranty claims from suppliers, and reworks.

Operating Profit

The operating profit of the Company has increased from a loss of 19.8 million in 2020/21 to a profit of Rs. 109.1 million. This was mainly attributed to the increase in revenue and revaluation gain of Rs. 60 million from investment properties.



** 15 months ended 31 March 2019 (2018/19)

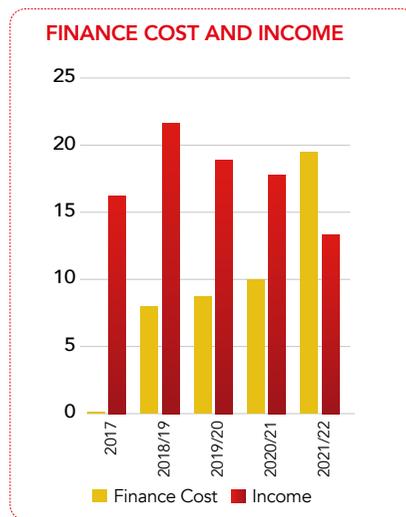
Finance Costs

The finance costs of the Company increased to Rs. 19.5 million compared to Rs. 8.7 million were reported in the previous financial year. This was mainly due to the increases in AWPLR and high borrowing in compensating for

the working capital requirement of the Company. For this purpose, Company borrowed further Rs. 110 million from its parent company Singer (Sri Lanka) PLC during the year. Based on the group direction considering the current financial crisis, all inventory levels have been increased to overcome the risk of "Zero stock level".

Finance Income and Investment Assets

The Company earned a finance income of Rs 13.3 million for the year under review through the investment of a fixed deposit with an affiliated company, Singer Finance (Lanka) PLC. Compared to the last financial year, the interest income earned dropped by Rs 4.4 million during the current financial year marking a 25% reduction due to the declining policy rates. However, the rates increased significantly at the end of March 2022.



** 15 months ended 31 March 2019 (2018/19)



Investment property of the Company

Equity Accounted Investee

For the year under review, the share of profit from its associate Company, Reality Lanka Limited amounted to Rs. 5.9 million compared to Rs. 8.8 million in the last financial year. The drop in the profit share was mainly due to the decrease in fair value gain from its properties compared to last year. At end of the current financial year, Company held 29.6% of Reality (Lanka) Limited which is considered an associate company to the Company.

Profit Before Tax

During the year under review, Company saw a significant turnaround in its profitability levels as Profit before tax stood at Rs. 108.9 million from a loss of Rs. 2.0 million in the previous financial year. This was mainly attributed to the increase in revenue and fair value gain from investment properties.

Income Tax

The Company reported an income tax expense of Rs. 16.1 million mainly due to the 24% tax charged on profit from Investment Income compared to the Rs. 5.0 Mn reported last year.

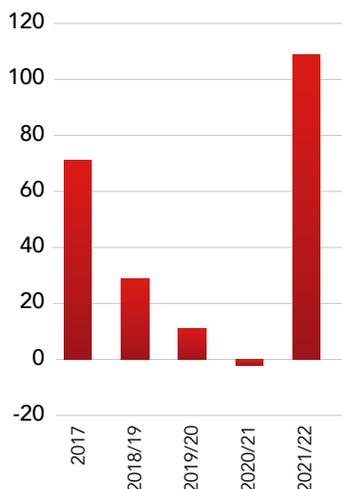
Profit after tax

Net profit for the year was Rs. 92.7 million compared to the net loss of Rs. 6.9 million was recorded in the previous financial year.



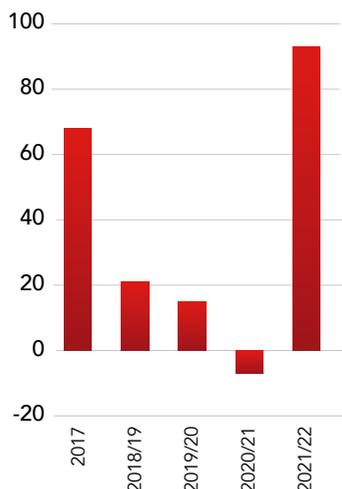
FINANCIAL CAPITAL

PROFIT BEFORE TAX



** 15 months ended 31 March 2019 (2018/19)

PROFIT AFTER TAX



** 15 months ended 31 March 2019 (2018/19)

Financial Position

As at 31 March (Rs. million)	2022	2021
Total non-current assets	1,749	1,511
Total current assets	606	465
Total assets	2,355	1,976
Total equity	1,673	1,445
Non-current liabilities	292	242
Current liabilities	390	289
Total liabilities	682	531
Total equity and liabilities	2,355	1,976

Total Assets

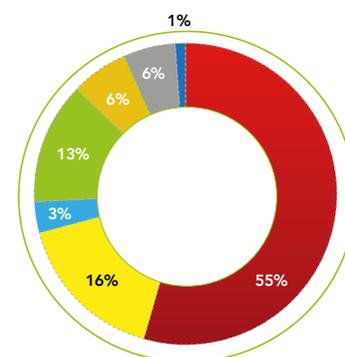
As at 31 March 2022, the total assets of the Company stood at Rs. 2,355 million compared to Rs. 1,976 million recorded as of the previous fiscal year-end. The Company periodically upgrades its equipment to keep abreast of modern technology, improve product quality, achieve operational efficiencies and environmental sustainability. Accordingly, during the last financial year, the Company invested in a plastic crusher machine which could save costs for the Company with the re-use of scrapped plastic materials generated through the Company's injection molding operation. The Company will also continue its investments in maintaining and improving its existing machines in the upcoming year in pursuit of its strategic plan of expanding its revenue base from

non-core products. A major proportion of the total assets comprised of the non-current assets amounting to Rs. 1,749 million (2020/21: Rs. 1,511 million) depicting a growth of 16% during the year.

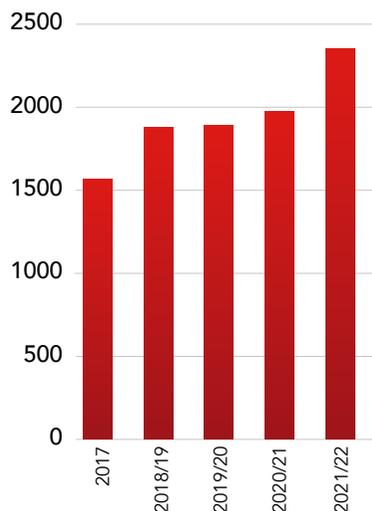
At end of the financial year, total current assets amounted to Rs. 606 million compared to Rs. 465 million reported as of 31 March 2021. This increase of Rs. 141 million is mainly attributable to the rise in the inventory level of the Company.

A MAJOR PROPORTION OF THE TOTAL ASSETS COMPRISED OF THE NON-CURRENT ASSETS AMOUNTING TO RS. 1,749 MILLION (2020/21: RS. 1,511 MILLION) DEPICTING A GROWTH OF 16% DURING THE YEAR.

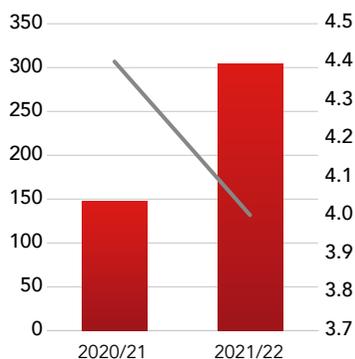
TOTAL ASSETS



- PPE
- Investment Property
- Other Investment
- Fixed Deposit
- Related party receivable
- Others current assets

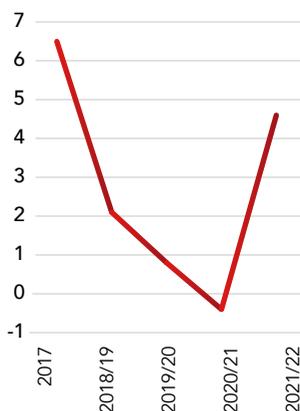
TOTAL ASSETS

The Company saw a slight drop in its inventory turnover ratio (ITO) to 4.0 (times) compared to 4.4 (times) recorded during the last financial year due to the group direction of inventory's upliftment.

INVENTORY & ITO**Returns to Shareholders**

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

	Twelve Months Ending 31 March 2022	Twelve Months Ending 31 March 2021
	(Rs.)	(Rs.)
No. of shares	20,000,760	20,000,760
Earnings per shares	4.6	(0.4)
Market price per share	38.3	44.7
Net assets per shares	83.7	72.3

EARNINGS PER SHARE

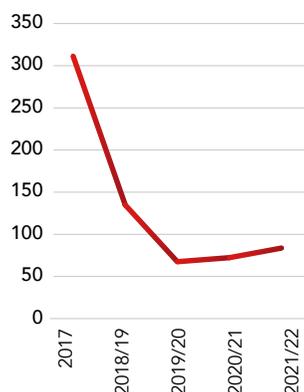
related party loans obtained from Singer (Sri Lanka) PLC. Total interest-bearing borrowings amounted to Rs. 194 million as of 31 March 2022 denoting a growth of 40% compared to the last financial year-end, occurring mainly as a result of additional funds being tied up in the Company's working capital.

Cash Flow

The net change in cash and cash equivalents has improved from the unfavorable balance of Rs. 26.3 million to Rs. 8.8 million. This was due to improvement in both cash flow investment activities and financing activities. Withdrawal of fixed deposits resulted in positive cash inflow from investing activities and proceeds from interest-bearing borrowing resulted in a positive impact on cash from financing activities.

Financial Reporting

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

NET ASSETS PER SHARE

** The ordinary shares of the company were subdivided by splitting each issued ordinary share into 2 ordinary shares from 04 March 2021

Market capitalization at the end of 31 March 2022 was Rs.93,991,772.

Borrowings

The main source of borrowings included secured loan facilities and overdraft facilities from banks and

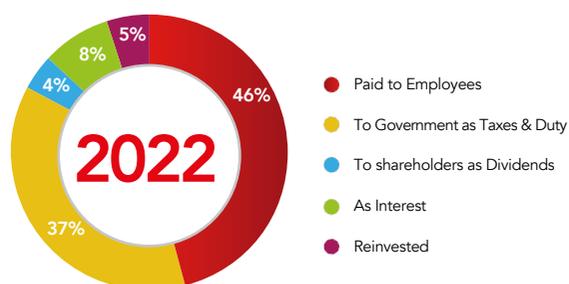
Way Forward

We strive to manage our financial capital to generate value for our stakeholders while giving priority to cost optimization as we are heading to one of the most critical years of the country's economy.

STATEMENT OF VALUE ADDED

For the period ended 31 March	2022	2021		
Turnover	943,685,966	629,615,889		
Other income	22,262,973	20,443,899		
	965,948,939	650,059,788		
Goods and services bought in	718,833,932	448,940,245		
Value added	247,115,007	201,119,543		
Distribution of value added				
Paid to employees	113,770,962	115,641,318	46.0	57.5
To Government as taxes & duty	92,303,327	50,709,512	37.4	25.2
Depreciation	8,973,769	8,683,723	3.6	4.3
As Interest	19,452,425	8,705,020	7.9	4.3
Reinvested	12,614,524	17,379,970	5.1	8.7
	247,115,007	201,119,543	100.0	100.0

DISTRIBUTION OF VALUE ADDED

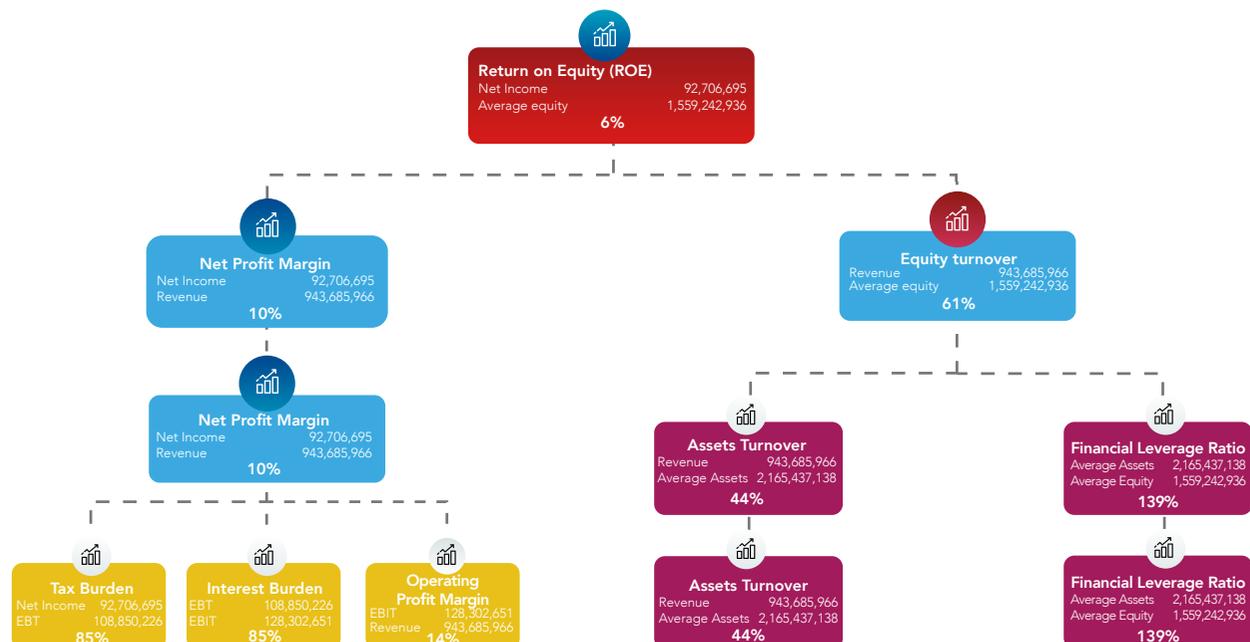


DuPont Analysis

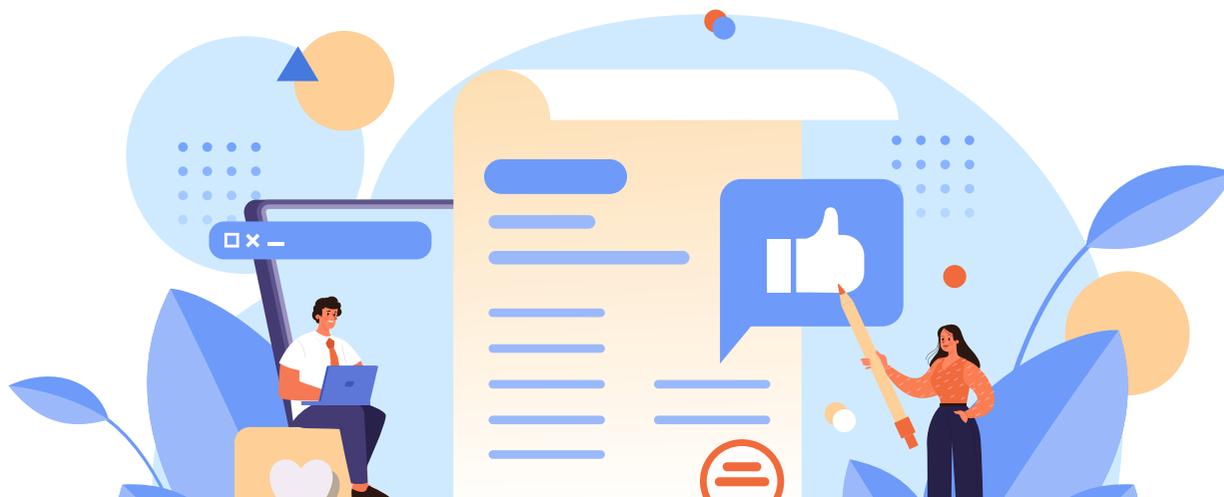
The concept comes from the DuPont company that began using this formula in the 1920s. DuPont explosives salesman Donaldson Brown invented the formula in an internal efficiency report in 1912.

This concept shows the different drivers of Return on Equity (ROE). An investor can use analysis like this to compare the operational efficiency of two similar organizations.

The Company's ROE is equal to 6% for FY 2021/22.



SOCIAL AND RELATIONSHIP CAPITAL



AS A RESPONSIBLE CORPORATE CITIZEN, WE ARE COGNIZANT OF OUR OBLIGATION TOWARDS OUR CUSTOMERS, SUPPLIERS, REGULATORS, THE COMMUNITY, AND ALL OTHER STAKEHOLDERS. WHILE WE ARE DETERMINED TO SUPPORT OUR STAKEHOLDERS DURING THESE CHALLENGING TIMES, WE VALUE OUR RELATIONSHIPS WITH THESE KEY STAKEHOLDERS AND TAKE EVERY MEASURE TO ENSURE THAT THEIR EXPECTATIONS ARE MET THROUGH OUR VALUE CREATION PROCESS, ACKNOWLEDGING THAT IT IS THESE LONG-STANDING RELATIONSHIPS THAT MAKE OUR BUSINESS MORE RESILIENT AND SUSTAINABLE.

Nurturing our Social and Relationship capital

Our actions	Value created
Donations made during the year	Rs. 27,130
Payments to suppliers	Rs. 801 million
Number of products delivered to customers	22
Taxes paid during the year	Rs. 92,303,327

Key focus areas



Management Approach

We at Singer Industries (Ceylon) PLC strongly believe that our successful relationships with our customers, suppliers, communities and other business partners have a direct impact on our growth and success as an organization. By creating value for these stakeholders, we have earned their trust and shared our success over the years. We ensure accountability and transparency mechanisms are in place to ensure ethical operations and transparent interactions with the stakeholders. We strive to continue investing in further strengthening these relationships on yearly basis to ensure we create sustainable value for each stakeholder of the Company.

Customer Centricity

Our customers are the most key part of our business. To create value for our customers we focus on being customer-centric. As the manufacturing arm of Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC does not directly engage with the end-consumers of its products, as distribution, marketing, and after-sales services are provided by the parent company. Nevertheless, understanding evolving customer needs are essential to delivering relevant product solutions and we strive to maintain engagement through numerous platforms.

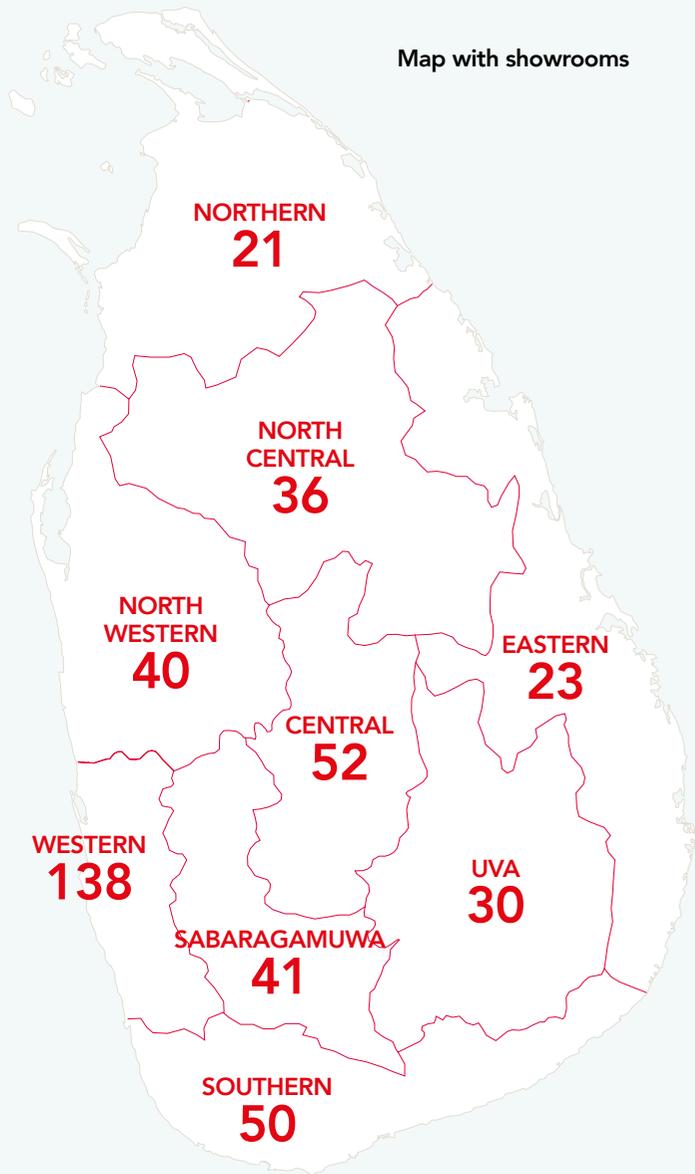
Covid 19 pandemic necessitated out-of-the-box thinking in continuing uninterrupted service for customers which we achieved through innovative means. During the year, we introduced the below products to the market through our parent company.

SOCIAL AND RELATIONSHIP CAPITAL

Our products are marketed through an island wide network of fully fledged Singer Showrooms and Singer Franchise Showrooms. These showrooms provide a modern shopping experience for our customers.

Singer Showrooms	431
Service Franchisers	370+

Our sister entity Singer Fashion Academy plays a pivotal role in teaching the skills and techniques of sewing. Annually 5400 students gather invaluable skills on the fine art of sewing through our network of 62 Singer Fashion Academy branches located across the island. Free workshops are also conducted by the Academy to create a passion among the youth on sewing. During the year 349 free workshops were conducted.



Clinics

Our technicians visit selected showrooms in particular areas with prior notification to its customer base and examine and rectify sewing machine issues and conduct minor repairs free of charge. The clinics are also used as a platform to educate customers on the optimum use of their sewing machines. During the year, one such clinic was conducted.



Customer hotline

The Company has a hotline to provide 24*7 service to customers to resolve any machines' technical/operational issues.



Social media

The Company uses social media networks to promote products and provide technical assistance. Videos on sewing machine-related issues are provided through YouTube in Sinhala and Tamil mediums for the convenience of customers.



MC 024

(sewing machine)

SC 220

(sewing machine)

MC 1155

(sewing machine)

**New range of
Dahua cameras**
(non-sewing machine)

Our customer contact points are spread across the island for the ease and convenience of our customers.

OVER SEVERAL DECADES, OUR SISTER ENTITY- THE SINGER BUSINESS SCHOOL HAS PLAYED A PIVOTAL DEVELOPING SEWING SKILLS ACROSS THE ISLAND. WITH A NETWORK OF OVER 62 BRANCHES, THE SINGER BUSINESS SCHOOL CATERS 5,400+ STUDENTS IN ANY GIVEN YEAR.

THEREBY, OUR CUSTOMERS WHO PURCHASE SINGER SEWING MACHINES ARE PROVIDED THREE FREE COMPLEMENTARY LESSONS AND ADVANCED TRAINING ON DEVELOPING THE FINE ART OF SEWING.

THE COMPANY MAINTAINS ITS QUALITY AND STANDARDS. THE VERY LOW WARRANTY COST OF 0.03% VALIDATES THE QUALITY OF THE SEWING MACHINES.



YouTube

150 +

Technical videos

5.09k

Subscribers

181k +

Views

Process Upgrades

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

- Improvements to portable sewing machines.
- Improvements to cabinet plant through productivity enhancements.
- Productivity increase of Singer oil bottling.
- Process improvement in washing machine tubs assembling process.

Our Suppliers

We source raw materials from both local and foreign suppliers for our manufacturing and assembly operations. We believe that positive supplier relationships are vital for an uninterrupted business operation. Therefore, we focus on ensuring a secure, safe, efficient, and high-quality supply base for our production process. The Company maintains ethical and open relationships with our suppliers who are kept informed of our quality standards requirements and procurement processes. Even amidst the global supply chain disruptions caused by the pandemic as well as the country's economic downturn, we managed to procure the materials on time and ensure continued production to meet our customer demands. Also, as a responsible corporate citizen, the Company honored all its commitments to suppliers, offering flexible delivery terms and timely payments to support their commercial sustainability.

During the year in review, we have initiated the following activities to engage with our local suppliers.

- Providing technical support
- Providing training on machinery
- Dealing with regulatory bodies on behalf of suppliers

Maintaining Quality

Maintaining the quality of our products is of paramount importance to us as a manufacturer and we have gained the trust of our customers through the products of superior quality manufactured over the years. Product quality is ensured from the inception of the production process, through the entire production process as well as when providing after-sales services. The Company provides a warranty of one year, inclusive of required component replacements.

SOCIAL AND RELATIONSHIP CAPITAL

Source	Category	Measurement	2021/22	2020/21
Non – Renewable	Alloy	kg	36,105	26,932
	Plastic	kg	219,271	192,384
	Polythene	kg	1,080	1,080
	Steel	kg	638,324	670,516
Renewable	Timber	Sg ft	117,134	138,327

There have been no negative environmental or social impacts in the supply chain and all new suppliers are screened using environmental and social criteria.

No incident noticed on operations and suppliers at significant risk of forced or compulsory labor or incidents of violations involving rights of indigenous peoples.

No substantiated complaints concerning breaches of customer privacy and losses of customer data. Further, non-compliance with laws and regulations in the social and economic area has not been noticed during the period under review.

No political contributions for the Company has been noticed.

Relationship with regulators

The government of Sri Lanka is a key stakeholder of the Company as we are bound to pay various direct and indirect taxes on a timely basis. We ensure our businesses are conducted in compliance with all the applicable rules and regulations.

Geographical breakdown of suppliers

	%	2021/22 Rs.
Payments to Local Suppliers	44	349,183,095
Payments to International Suppliers	56	451,737,191
Total	100	800,920,286

Supplier title	No. of Supplier
Small Scale Suppliers	74
Large Scale Suppliers	15
Sub Contractors	3
B2B Suppliers	4

Community

As a socially responsible corporate citizen, we believe that our sustainability as a business is highly dependent on our commitment to give back to the community. While carrying on our business operations, we aim to create a positive impact on the community through sustainable initiatives that foster good relationships and bring about long-term benefits. Some of the key philanthropic activities carried out during the year are given below:

- **Donation to Preethipura Child orphanage**

With the consent of our employees, we allocated the cost of providing lunch for our employees for one day to provide Preethipura child orphanage with food, gifts, and other necessary items.

No. of
Suppliers

96

- **Planting of 1000 coconut trees**

We planted 100 out of 1,000 coconut trees project with the participation of our workforce. Each employee was given the task of maintaining particular trees and ensuring their growth.

Industry Stakeholder Associations

The Company has obtained memberships in the following organizations and adheres to the relevant protocols and guidelines aimed at supporting and safeguarding the community.

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

Company has taken the necessary steps to obtain the required certificates such as through Central Environmental Authority and adhere to guidelines provided by respective regulators. No any negative impact or non-compliances to the environmental laws and regulations has been noticed during the period under review. Precautionary principle/ approach has been adapted by the company.

Way forward

In the backdrop of difficult economic conditions, we strive to support and safeguard the interests of our stakeholders while continuing to create sustainable value for them.

MANUFACTURED CAPITAL



OUR MANUFACTURED CAPITAL ENCOMPASSES ALL MATERIAL RESOURCES AND ENERGY USED THROUGHOUT OUR MANUFACTURING PROCESS AND HOW EFFECTIVELY AND SUSTAINABLY THESE ARE USED. EFFICIENT USE OF OUR MANUFACTURED CAPITAL HAS HELPED US TO BE INNOVATIVE IN OUR PRODUCTION PROCESS AND OPTIMIZE RETURNS WHILE CREATING VALUE.

Nurturing our Manufactured Capital

Our actions	Value created
Investment in new plastic crusher machine	Rs. 850,000 invested at end of last financial year
Improvements in the manufacturing process	Cost reduction of Approx. Rs. 750,000 during the year
Regular factory maintenance	Stakeholder trust and confidence

Key focus areas



Total
Asset Value
**Rs. 2,355
million**

5 Production
Lines

Machineries
Gross
**Rs. 76.5
million**

3 Sub Contract
Operations

Manufacturing Capabilities

As a manufacturing company, creating manufactured capital value is challenging and inherently linked to the success of our business. Our manufacturing plant is equipped with the latest technology to cater to evolving customer preferences while driving operational efficiencies which ensures optimal usage of raw materials and environmental sustainability. Investment in last financial year end to strengthen our manufacturing capabilities with an investment of Rs. 850,000 started to benefit us during the current financial year. The Company supply the spare part requirement of the market as well. Specification has not been changed in old sewing machines to new sewing machines thus, any spare part of old sewing machine can be replaced with new sewing machine in the same category.

Even during the island-wide lockdowns imposed due to Covid 19, we continued to operate our plants with minimum reduction in capacity with all the safety protocols. Portable sewing machines

MANUFACTURED CAPITAL

sales were increased by 37% during the year compared to last financial year and this was a direct result of production efficiency achieved through our improved processes at the factory. Our tangible assets amount to 84% of total assets as at year-end and we ensure our assets are used to create maximum value while reducing the operational costs.

As part of our efforts to create higher levels of manufactured capital value for our stakeholders, we plan regular check-ups, maintenance, and repair for our assets and infrastructure and as a result, we have spent Rs.5.2 million on repair and maintenance during the period under review. Our factory is equipped with 46 types of machinery which are used for manufacturing and assembling of products. Following are the key machinery used in our production and assembly processes;

- Injection molding machine
- CNC machine
- Automatic oil filling machine
- UV paint line
- Shot thumb blast machine
- Lathe machine
- Milling machine

Production Capacity Utilization	2021/22	2020/21
	71%	68%

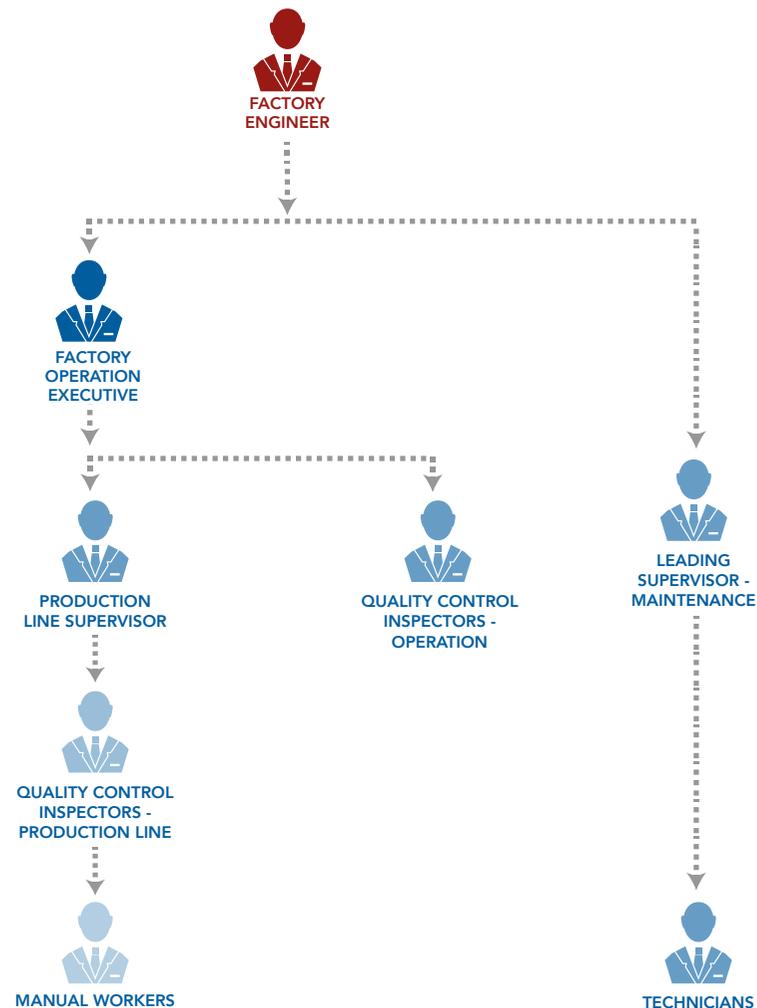
Investment in Repair and Maintenance

Rs. 5.2 million

Manufacturing Process

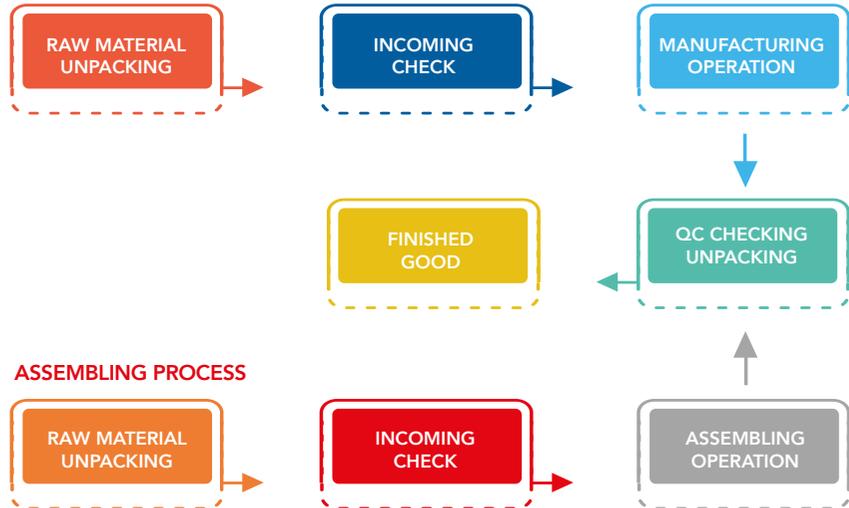
Manufactured capital plays a vital role in continuing our business operations and achieving our strategic goals. Our manufacturing process is designed to ensure we are operated to achieve the highest efficiency and maximize cost optimization.

Organizational Structure of Production Department





MANUFACTURING PROCESS



Production Quality

Our production and assembling processes are designed to deliver best quality products to our customers. We do an incoming check of the raw materials received by our factory to make sure all the raw materials are in best quality before using it for production. We also check each and every sewing machine with required specifications which come through the assembling process to ensure no defects are found before sent for packaging.

Company is evaluating and assessing its products on the customer health and safety and no incidents of non-compliance concerning the health and safety impacts of products have been noticed during the period.

There were no incidents of non-compliance concerning product and service information and labeling. Further, no incidents were noticed on non compliance of marketing communication.

No operations with significant actual and potential negative impacts on local communities.

Operational Efficiency

As a manufacturer, achieving operational efficiency in our processes is of utmost importance to us in achieving the goal of delivering quality products to our customers in the most cost-effective and timely manner. We have identified below key elements in achieving the production efficiency;

All our processes are designed and implemented to achieve maximum operational efficiency at the factory level. We closely monitor the efficiency levels of machinery and our employees and provide regular maintenance for our machinery and regular training to our employees in order to keep efficiency levels high.

- Optimizing equipment
- Product processes
- Employee output

Information Technology

As a Production company, we strongly believe that Information Technology plays a major role in achieving efficiency and creating value. The Company identified the issues faced by the customers through many ways and developed 150+ technical videos and uploaded to YouTube. Videos on the new models (SM 024, SC 220 and MC 1155) are ready to be uploaded. Investment in the advancement of Investment Technology during the year was Rs. 1,200,791 We will continuously invest in IT infrastructure to streamline our processes further and reduce operational costs.

Challenges to overcome

Due to the country's economic situation, it is expected that we as a manufacturer who is relying on local and foreign raw material suppliers for our production, will cope with significant difficulties in the year 2022/23. Key manufacturing challenges to overcome in the next financial year are outlined below;

MANUFACTURED CAPITAL



Investment Technology during the year was

Rs. 1.2 million

sewing machine models to the industry. Considering the domestic requirements, needs of sewing machine schools, experience from sewing machine service agents, Company placed only few models in the Sri Lankan domestic sewing machine market. However, with our expansion plans and if economic condition permits, we plan to order more sewing machines from this particular company in near future.

Further, we are expecting to continue to reduce any impact on the environment from our production process by driving efficiencies and investing in sustainable infrastructure. We have already identified the following as our production priorities for the next financial year;

- Import of raw materials due to foreign reserve shortage
- Cost escalation of raw materials resulted from the highly fluctuating exchange rates
- Maintenance and repairs of machinery due to shortage of spare parts
- Under utilization of factory resources due to low demand resulting from reduced consumer spending
- High cost on generators due to power cuts
- Increase in labor cost due to inflation

Way Forward

Singer is a household name in the country and our reputation as the market leader for our products is a result of our unwavering commitment to maintaining the highest standards in the production process. We have planned to expand the production capacity given the varying demand for our products and Group's vision for the future. A globally reputed company in the sewing machine industry is working with us and it is the main raw material source of the sewing machines to the Company. They conduct the R&D work and has introduced large number of

- Investment in non-sewing categories to cater to diversify the product portfolio
- Introduction of the factory in factory concept for new products.
- Due to scarcity of scrapped casting, we have planned to introduce sheet metal sewing machine stands and which will pass the benefit to the end customers.

HUMAN CAPITAL



HUMAN CAPITAL IS OUR BIGGEST STRENGTH AND MOST VITAL ASSET WHICH DRIVES US TOWARDS CREATING VALUE FOR OUR STAKEHOLDERS. CARING FOR OUR PEOPLE, INSPIRING, AND EMPOWERING THEM ARE THE KEY TENETS OF OUR APPROACH TO MANAGING OUR HUMAN CAPITAL. WE ARE FOCUSED ON IDENTIFYING THE NECESSARY TRAINING REQUIREMENTS OF OUR WORKFORCE WHILE OUR HUMAN RESOURCES POLICIES ARE ALIGNED TO RETAIN THE BEST TALENT IN THE INDUSTRY.

Nurturing our human capital

Our actions	Value created
Employee engagement activities	Employee retention ratio of 94%
Payments to employees	Rs. 113,770,962
Investments in ensuring employment safety	Reduction of accidents by 46%
Investment in employee training programs	389 training hours

Key focus areas



**BUILDING
TALENT**



**PERFORMANCE
MANAGEMENT**



**REMUNERATION
AND BENEFITS**



**SAFETY AND
WELL-BEING**



ENGAGEMENT

HR Philosophy

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

We are committed to retaining our loyal and talented workforce which was instrumental in achieving our strategic goals and objectives. We continuously take measures to make our Company a better place to work for employees while encouraging work-life balance. Our policies are designed to provide fairness, transparency, and uniformity in managing Human Capital and it enables

HUMAN CAPITAL

us to create a motivated workforce that is aligned with our values and philosophy.

Human Resource Governance

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

- Initiation and direction of human resource strategies, plans, and policies.
- Monitoring, reporting, and recommending policy actions in response to trends in the country.
- Interfacing and coordinating between corporate and Company on human resource matters affecting or originating within the Company's operations.
- Providing guidance and support to all divisions of the Company as required or requested.
- Auditing the human resource management activities and initiating discussions to develop the function.
- Treat employees with consideration, understanding, and respect; encourage employees to discuss any job-related or personal problems with their supervisors in confidence and make concerted efforts to resolve grievances promptly.
- Provide training and educational opportunities based on Company requirements and provide promotions internally where possible based on merit.
- Encourage greater contribution by maintaining open communication on matters of mutual interest with employees.
- Seek to optimize manpower efficiency and productivity.
- Communicate these policies to

employees through appropriate application of procedures and in turn convey the Company's expectation that employees will carry out their duties and responsibilities to the best of their ability making a positive contribution.

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

Our Policy Framework

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

- Recruit, develop and retain employees at all levels and positions based on equal opportunity and abide by the employment laws and regulations of the country
- Provide a healthy work environment and safe work practices while encouraging employees to maintain their health and safety
- Provide competitive compensation and conditions of employment based on performance, required knowledge, skills, and accountability in line with industry standards.
- Provide a balanced benefit program on par with competitive practice.

Policies applied across the Company

REMUNERATION AND BENEFITS

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

TALENT DEVELOPMENT

- Training development
- Performance planning, appraisal development

HEALTH AND SAFETY

- Occupational health and safety

ETHICS

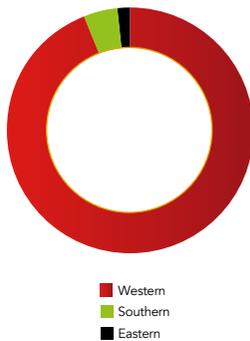
- Complaints
- Grievances
- Rules of disciplinary procedure
- Relative's employment/business relationship
- Sexual harassment in the workplace

OUR TEAM

AS AT 31 MARCH 2022, THE COMPANY COMPRISED OF 72 INDIVIDUALS, FROM DIVERSE BACKGROUNDS. THE COMPANY PRIDES ITSELF AS AN EQUAL OPPORTUNITY EMPLOYER AND IS COMMITTED TO FOSTERING A DIVERSE AND INCLUSIVE CULTURE ACROSS ITS GAMUT OF HUMAN RESOURCE FUNCTIONS INCLUDING RECRUITMENT, PROMOTIONS, COMPENSATION, TRAINING, EMPLOYEE POLICIES, LEGAL REGULATIONS, AND LEGIBILITY OF DOCUMENTS.

Workforce by Region

Region	Male	Female
Western Province	60	5
Southern Province	6	-
Eastern Province	-	1

Workforce by Region**Workforce by Gender**

Employee type	Male	Female
Managerial	5	-
Executives and junior executives	2	2
All other	60	3

Workforce by Age and Region

Region	Below 30 years		30-50 Years		Above 50 years	
	Male	Female	Male	Female	Male	Female
Western province	2	4	14	-	44	1
Southern province	-	-	2	-	4	-
Eastern Province	-	1	-	-	-	-

Workforce by gender, type and region

Region	Permanent		Fixed Term Contract	
	Male	Female	Male	Female
Western province	59	2	1	3
Southern province	6	-	-	-
Eastern Province	-	-	-	1

By Region	Recruitments	%	Retirement	%
Western	4	66%	8	73%
North Western	1	17%	1	9%
Eastern	1	17%	-	-
Southern	-	-	1	9%
Sabaragamuwa	-	-	1	9%
Total	6	100%	11	100%

By Age	Recruitments	%	Retirement	%
Below 30 years	5	83%	3	27%
over 30 years	1	17%	8	73%
Total	6	100%	11	100%

By Gender	Recruitments	%	Retirement	%
Male	1	17%	8	73%
Female	5	83%	3	27%
Total	6	100%	11	100%

**STRATEGIC HR GOALS**

We are committed to achieving the following HR Goals through our HR policies;

- Reducing attrition
- Employee mental and physical wellness
- Creating an engaging culture for employees
- Organization adaptability

Building talent

Due to the impressive low turnover ratio of the Company, recruitments were minimal during the financial year 2021/22. However, we have well-structured talent sourcing policies to ensure we attract the best talent in the industry for any vacancies available.

Further, the Company strongly believes that investment training is imperative for talent retention and gaining a sustainable competitive advantage and has thus established initiatives and customized training programs to upskill its workforce and create a competent and well-rounded employee base.

HUMAN CAPITAL



Champion and first runner-up
65th MTTA Individual Open Championship 2022 &
VETERANS Individual Open Championship 2022



During the period under review, no part time employees have been deployed within the factory premises.

389
TOTAL
No of Hours

PROGRAMS

- MBA Business administration program
- Diploma in purchasing & supply chain
- IFS Training
- Advanced excel training

Category	Male	Female
Managerial	54.8	-
Executives and junior executives	75.0	7.5
All other	0.1	-
Average training hours	129.9	7.5

However, Similar to last financial year, during the year under review, the Company could not carry out all its training programs as planned due to Covid 19 limitations but where possible arranged for training to be carried out online considering the safety of all its employees. In total a cost of Rs. 339,000 was incurred on training programs carried out during the year.



Our parent company Singer (Sri Lanka) PLC organized “Singer Got Talent – Season 04” to showcase the talent of employees within the Group. Events included Singing solo, singing duet, singing group, instrument solo, and instrument group. Our Company employees also took part in many categories and performed.

Performance Management

Our commitment to a performance-based culture has resulted in high retention rates among its staff. We remunerate our employees competitively within industry norms and in line with the overall Group HR Strategy which focuses on retaining and attracting the best talent in the industry. The Company’s performance management process is a continuous engagement between employees and their supervisors where we evaluate the feedback from both parties and identify any areas to be improved.

Singer Must-Win Battle

Singer Must Win Battles was the strategic initiatives, which enabled the profound growth of the Singer Group. Must win battle teams consists of cross-functional leadership personal representing key strategy roles across the group. Singer (Sri Lanka) PLC’s leadership also contributed as active members of MWB teams and was led the implementation of interventions at the Company level.

Remuneration and Benefits

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

Even during the crisis, the Company ensured and continued the payments to employees without any salary reductions. Further, Company paid four months’ bonus to employees based on the financial performance of the Company.

- Medical allowances
- Reimbursement of Covid 19 test expenses
- Housing loans/vehicle loans
- Education aid scheme
- Travelling expenses
- Facilitating breakfast, lunch, and tea
- Foreign travels
- Annual trip/Christmas party
- Support for sports activities including gym membership
- Employee hire purchase scheme
- Parental leaves
- Uniforms including laundry facility
- Cost of living increase each year in September
- Other benefits. Eg. allowance for spectacles.

Employee Engagement

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

Company should give a minimum notice period of two weeks regarding any operational changes within the factory premises.

Rewards and Recognition

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

100% of the employees are entitled to regular performance reviews and related benefits based on their performance.

Further, the Company also extended service awards to the loyal and longstanding employees in appreciation of their commitment and dedication to the Company. Accordingly, 16 employees received these long-service awards during the year.



16
EMPLOYEES
received
These long-service awards during the year.



Health and Safety

The Company recognizes its moral and legal responsibility toward providing a safe and healthy work environment for its employees and is committed to maintaining the highest standards of health and safety at all times, at all locations under its purview. Employees are instructed to adhere to all the safety precautions and measures in place to prevent any work-related accidents. In general, the Company focuses on the following health and safety aspects:

The range of measures implemented

Work environment	Other benefits	Job security
Sanitation facilities	Free PCR testing	100% job security of all employees
Temperature checks		No negative adjustments to remuneration/benefits
Beverages to enhance the immune system		

- Implementing risk management procedures to adequately manage any risks to employees, arising from activities related to work.
- Maintaining safe work procedures, work premises, and a secure work environment.

HUMAN CAPITAL

- Providing adequate facilities to ensure the welfare of all employees.
- Providing necessary training about occupational health and safety to all employees.
- Reviewing and evaluating the health and safety management systems and procedures regularly.

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

All the employees are covered through the health and safety management system of the company and the maintenance of this system is solely under the purview of human resource manager.

Year	No of Injuries
2022	7
2021	13
2020	29

All the injuries can be considered as minor injuries and categorized under first aid injuries.

Grievance Handling

The Company fosters a culture of honesty and openness and encourages employees to bring to the attention of management, for corrective action, any complaints or grievances without fear of reprisal. The Company identifies complaints as instances of unfair treatment, fraud, theft, waste or improper, unethical or other behavior on the part of the employees which may bring disrepute or loss to the organization. Grievances are defined as



78%
OF THE EMPLOYEES
The prevailing collective agreement covering is reviewed every two years

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

Collective Agreements

The Company sustained harmony and maintained cordial relationships with the unions during the year with no instances of industrial disputes.

The prevailing collective agreement covering 78% of the employees is reviewed every two years to ensure an equitable balance is maintained between the interests of the employees and the Company.

Way Forward

As the country is at a very critical juncture due to its economic downturn, we are determined to focus on building a skilled and motivated pool of employees to help the Company to achieve its strategic goals. We will continue our efforts to create an environment for employees to thrive while with our expansion plans, we are expecting to attract more local talent which will ultimately create value for the Country as well.

NATURAL CAPITAL



FROM THE GROUP LEVEL, OUR POLICIES ARE DESIGNED TO ACHIEVE OUR GOALS WHILE PRESERVING NATURAL RESOURCES. AS A RESPONSIBLE CORPORATE CITIZEN, WE ARE COMMITTED TO MINIMIZING ANY IMPACT OF OUR OPERATIONS ON THE ENVIRONMENT WHILE TAKING PROACTIVE INITIATIVES TOWARDS ENVIRONMENT SUSTAINABILITY.

Nurturing our natural capital

Our actions	Value created
Plants planted during the year	100 out of 1,000 plant project
Reuse of plastic scraps	Savings of Rs. 750,000
Waste management	1,865 Kg recycled
Energy consumption	1,540.3 Gjs

Key focus areas



**MINIMIZING
WASTAGE**



**CONSERVING
NATURAL
RESOURCES**



**REDUCING
EMISSIONS**



**RECYCLING
MATERIALS**

Management Approach

Concern for the planet permeates through the entire value chain of the Company and we place great importance on preserving the scarce natural resources for future generations. The Company's environmental sustainability ethos is aligned with that of Singer (Sri Lanka) PLC and Hayleys PLC. The Company analyses its sustainability performance on a monthly, quarterly, and annual basis while obtaining necessary feedback and guidance from its parent company. During the year under review, the Company continued efforts to become ever more sustainable, embracing and incorporating sustainable business practices when using natural resources in our day-to-

day business operations. Especially given the scarcity of energy resources in the country, we took several steps to save the energy within our operations.

Energy

We use energy mainly for the production at our factory. We strive to act on reducing energy consumption with the expertise of our Group R&D team especially given the scarcity of fuel in the country.

NATURAL CAPITAL

Non-renewable energy usage of the Company during the year

Type	2021/22 Cost (Rs.)	2021/22 Gjs	2020/21 Gjs
Diesel	961,000	231.2	79.5
Petrol	125,728	27.0	31.2
Electricity	4,008,692	1,282.1	1,150.8
	5,095,420	1,540.3	1,261.5



STEPS WERE TAKEN TO SAVE THE ENERGY

During the year, the Company took the following measures to save the energy within the Company,

- Energy audit has been carried out to identify the gaps in excessive energy consumption points during the year.
- Proper segregation of production-line jobs and machine running hours to minimize the electricity consumption.
- Rescheduled factory overtime to minimize the generator running time during the power interruption.
- Instead of running a kitchen only for factory employees, we outsourced meals from a reputed hygienic service provider considering the saving from electricity, gas, and water.

In addition to the above, the HR division has allocated a separate person to carry out all environmental-related and waste disposal operations.

Furthermore, the Company has started the discussion of investment in solar power in line with recommendations received through the energy audit.

Conserving Natural Resources

Water

WATER IS MAINLY USED FOR THE CONSUMPTION OF OUR EMPLOYEES WE USE THE WATER SUPPLIED BY NATIONAL WATER SUPPLY AND DRAINAGE BOARD AND TAKEN FROM GROUND. WE ALWAYS ENCOURAGE OUR EMPLOYEES TO USE WATER WITH CARE THROUGH STAFF AWARENESS PROGRAMS AND HAVE OBTAINED ASSISTANCE FROM TECHNICAL STAFF TO LIMIT WASTAGE WHERE POSSIBLE.

Furthermore, in our efforts to protect the environment from possible harmful effects, we have taken many steps to reduce wastage, lower the release of toxins into the environment as well as recycle and reuse as much as possible.

Main waste from our production includes iron dust and plywood offcuts. During the year under review, we have recycled and saved over 1,865 kg of plastic scraps using a crusher machine. In addition, we encourage our employees to reduce the waste they produce from their day-to-day operations as much as possible. Also, we have taken measures to reduce paper wastage in our office premises by using digital platforms as much

Water withdrawal

Type	2021/22 (liters)	2020/21 (liters)
Municipal lines	158,600	203,700
Ground water	475,800	611,100

Water discharge

Type	2021/22 (liters)	2020/21 (liters)
Municipality sewerage, drainage lines	515,450	662,025
Ground water through soakage pits	118,950	152,775

Minimizing Wastage

Our internal processes are designed to minimize the wastage from our production to the maximum level while achieving operational efficiency. We also consistently monitor, review and improve our systems, processes, and procedures against our environmental strategy, targets, and goals.

as possible. Waste generated by the Company is segregated according to recyclable and non-recyclable materials, and organic waste to ensure proper and safe disposal of waste according to local laws and regulations. Further, the Company sells its waste to entities that are reusing the waste items and generate an additional income.

Type	Kgs	Income (Rs.)
Metal waste	8,925	203,131
Plastic waste	1,181	83,008
Other waste	57,758	1,958,262

*Other waste consists of plywood offcuts, cardboard, and saw dust etc.

The Company recycled scrapped plastic items through its crusher machine and it was 1% of the total plastic usage of the factory for the period.

Tree Planting

The coconut tree is arguably one of the most versatile fruit in the tropical. Therefore, we called as "Kapruka". Every part of the fruit and the tree itself has used and has been traditionally used in various ways in different parts of the world. Uses of coconut trees are a source of food, thatching, substitute milk, natural scrubbers, hair conditioning, providing craft materials, making ropes, and brooms etc.

As part of our efforts to contribute to environmental sustainability, we planted 100 out of 1000 coconut trees project during the year with the participation of our employees. Employees were given the responsibility to look after the trees on a "Plant and Care" basis.



Our efforts to conserve energy has helped us to reduce emission from our operations to the environment. As a responsible corporate citizens, we strive to minimize the release of emissions and reduce our carbon footprint further in the years to come.

GHG Emission

Type	
Scope 1 Emission (Tco2) - Direct Emission	32.5
Scope 2 Emission (Tco2) – Indirect Emission	221.3
Scope 3 Emission (Tco2) – Other Indirect Emission	4.0
Total Emission (Tco2)- 2021/22	257.8
Total Emission (Tco2) - 2020/21	234.0

GHG Emission Intensity

Emission (Tco2)/per unit (2021/22)	0.01
Emission (Tco2)/per unit (2020/21)	0.01

Project
during the year

1000
Coconut trees

Reducing Emissions

Way Forward

We will continue our efforts to protect the environment by reducing any harmful impact of our operations. We strive to be a part of the solution through inbuilt systems and processes in our business units as well as the utilization of the latest technology available. Furthermore, we plan to use treated timber rubber for our manufacturing process, which is a commercial tree and not for firewood. Hence, it will add value to society.

INTELLECTUAL CAPITAL



INTELLECTUAL CAPITAL REFERS TO THE VALUE OF OUR COLLECTIVE KNOWLEDGE AND RESOURCES THAT CAN PROVIDE IT WITH SOME FORM OF ECONOMIC BENEFIT. OUR INTELLECTUAL CAPITAL HELPS US TO DISTINGUISH OUR PRODUCT OFFERING AND PROVIDE US A SIGNIFICANT COMPETITIVE EDGE OVER OUR COMPETITION.

Nurturing our Intellectual Capital

Our actions	Value created
Investment in training our employees	Rs. 339,000
Investment in Research and Development (R&D)	Rs. 66,510

Management Approach

Our intellectual capital includes internal control procedures, corporate governance framework, knowledge, and expertise of our employees, innovation, and brand value. We believe that the above factors support us to gain a key competitive advantage over our competitors. Our best practices combined with our process-driven operations also add to the intellectual capital value for our stakeholders. Furthermore, the efficient use of our intellectual capital enables us to be proactive and ready to tackle obstacles in the future by embracing innovation and enhancing efficiency.

Internal Controls and Procedures

As part of our risk management procedures, Company has placed sound internal control procedures under the supervision and guidance of the Audit Committee. These procedures are periodically reviewed by the Audit Committee and Singer Group Internal Audit Department reviews the effectiveness of such controls. Any deviations found from these audits are reviewed and discussed in the Audit Committee and rectified in a timely manner.

SINGER

INDUSTRIES (CEYLON) PLC

OUR BRAND

SINGER HAS EVOLVED AS A BRAND THAT HAS BUILT AN UNMATCHED TRUST IN ALMOST EVERY HOUSEHOLD IN THE COUNTRY. WE AS A SUBSIDIARY OF SINGER (SRI LANKA) PLC, BENEFIT FROM THE BRAND EXCELLENCE OF OUR PARENT WHICH GIVES US LEVERAGE IN THE MARKET AS A MANUFACTURER. SINGER HAS BEEN RECOGNIZED FOR THEIR EXCELLENCE IN MANY LOCAL AND INTERNATIONAL AWARD CEREMONIES.

Corporate Governance Framework

As an organization, we believe that sound corporate governance practices are essential to the Company's growth and sustainability. In Singer Group, we have developed a corporate governance framework to safeguard the interest of our stakeholders. More details on our corporate governance practices are given on Corporate Governance Report.

Knowledge and Expertise

We are privileged to have a loyal workforce who have been with us for more than 15 years. Our management consists of some of the most experienced personnel in the industry. The knowledge and experience they possess play a vital role in driving the Company to achieve its goals. Furthermore, our efficient HR policies have enabled us to retain our workforce with a minimum turnover ratio. We continuously invest in the training and development of our employees as one of the key strategic priorities in our corporate strategy. More details in this regard can be found in the human capital section of this report.

Staff category	Average years in service
Executive staff	16 years
Non-Executive staff	33 years

Innovation

Singer brand is always known for being a pioneer in innovation and introducing new products to the market through its talented research and development division. We as a subsidiary receive the same guidance from the parent with the technical support. Due to the Covid 19 pandemic, we were compelled to come out of our traditional way of thinking and find ways to optimize cost and develop new products. As a result, we implemented the following changes to our processes;

- Improvements to washing machine inner tub assembling
- Productivity increase in sewing machine table manufacturing
- Reduction of MC 984 machine rework hours
- Singer oil bottling productivity increase

WE CONTINUOUSLY INVEST IN THE TRAINING AND DEVELOPMENT OF OUR EMPLOYEES AS ONE OF THE KEY STRATEGIC PRIORITIES IN OUR CORPORATE STRATEGY.

AWARDS AND ACCOLADES

THE SINGER BRAND IS FREQUENTLY RECOGNIZED AMONG SRI LANKA'S LEADING BRANDS BY INDEPENDENT THIRD PARTIES. ACCOLADES RECEIVED DURING THE YEAR ARE AS FOLLOWS:

• GREAT PLACE TO WORK AWARDS



INTELLECTUAL CAPITAL

- **SLIM KANTAR PEOPLE'S AWARDS 2022**
- **SLIM KANTAR PEOPLE'S DURABLES BRAND OF 2022**
- **SLIM KANTAR PEOPLE'S YOUTH CHOICE BRAND OF 2022**

WE AS A SUBSIDIARY RECEIVE THE SAME GUIDANCE FROM THE PARENT WITH THE TECHNICAL SUPPORT.



Way Forward

With the backing of our parent's marketing team, we have planned to develop and introduce a few new products to the market in the year 2022/23. We hope these products will revolutionize the livelihoods of Sri Lankans in the coming years. Also, we strive to encourage our senior employees to share their tacit knowledge with new employees, so there will be a smooth transition of knowledge when Company is moving forward. Furthermore, we have planned to strengthen our internal controls and procedures with the support of the group Internal Audit team.



SIGNIFICANT GROWTH IN
TURNOVER LEVELS IN THE
MODERN SINGER SEWING
MACHINE RANGES HAS
POSITIONED SEWING AS A
LUCRATIVE HOBBY.

RESPONSIBLE STEWARDSHIP & CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Singer Industries (Ceylon) PLC has consistently maintained the highest levels of Corporate Governance to foster a culture that values and rewards, ethical standards, personal and corporate integrity and mutual respect. The Board of Directors, led by the Chairman, is responsible for the governance of the Company by reviewing and suggesting improvements to policies to provide transparency and accountability.

The Company's approach to Corporate Governance is broadly aligned to that of its parent, Singer (Sri Lanka) PLC which in turn is consistent with the ultimate parent Hayleys PLC. The Company'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. All employees, senior management and the Board of Directors abide by this philosophy in the performance of their official duties and in other situations that could affect the Company's image and it is the duty and the responsibility to uphold and act in the best interest of the Company and its stakeholders in fulfilling its stewardship obligations.

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

External Instruments

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

Internal Instruments

- Articles of Association
- Group policy frameworks
- Code of Ethics
- Board and Sub-Committee Terms of Reference
- Governance mechanisms
- Risk management framework

Governance Policy and Framework

Governance framework covers both Corporate Governance and Business Governance. Both

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

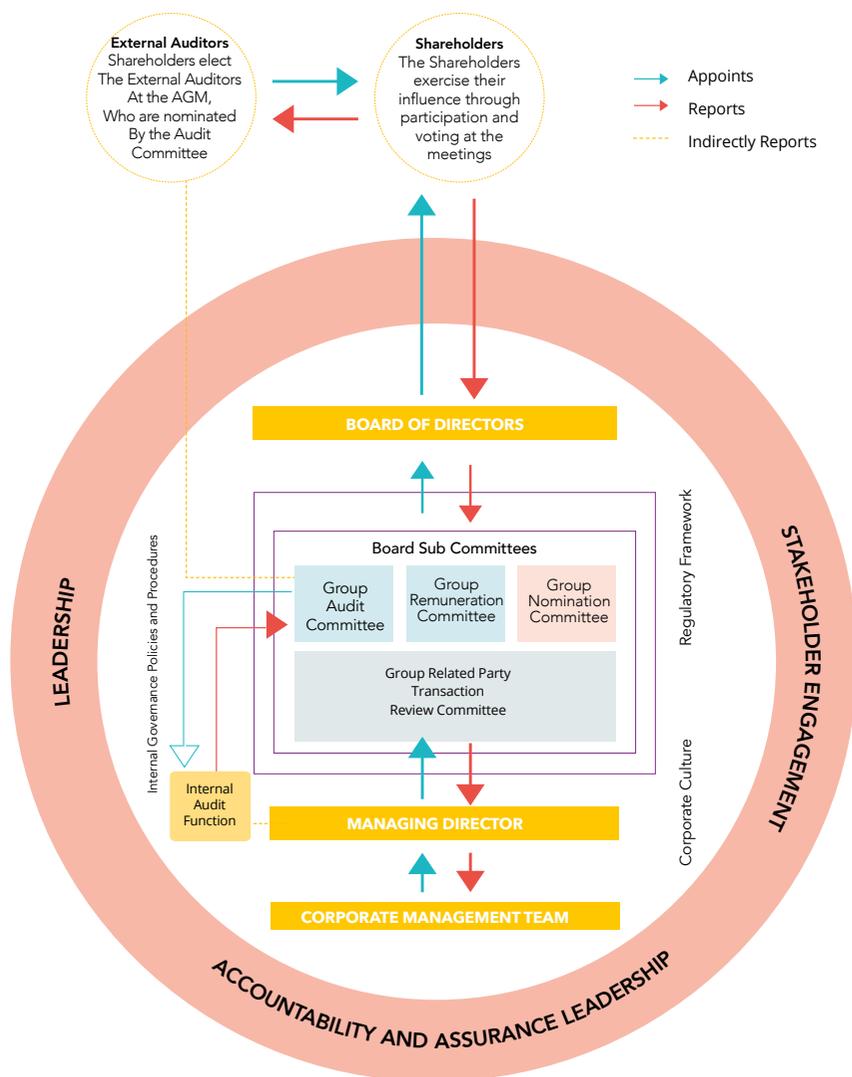
We at Singer Industries (Ceylon) PLC espouse the belief that successfully run business enterprises are founded on a set of fundamental qualities those that embed transparency, accountability and responsibility within the core of its business operation. The Company's strong core qualities are translated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

Singer Industries (Ceylon) PLC is fully compliant with the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). This practice mainly covers the following aspects,

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

Governance Mechanisms





Responsibilities of the Board

The Board's main responsibility is creating and delivering sustainable shareholder value, within a robust Corporate Governance structure that maintains investor confidence and business integrity. The extent of compliance with the Code of Best Practice on Corporate Governance issued by CA Sri Lanka is discussed in the sections that follow.

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

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

Board of Directors

Composition

Singer Industries (Ceylon) PLC is headed by an effective Board of Directors and comprises of Eight (08) Directors including the Chairman and the Chief Executive Officer (CEO). All the Directors are professionals who have acquired a wealth of experience and have proven ability in the fields of Management, Marketing, Finance, Human resource, Engineering and Economics. The Board of Directors is accountable for the governance of the Company.

The Chairman and the CEO function as Executive Directors. The Board

comprise of Four (04) Independent Non-Executive Directors, One (01) Non-Executive Director and Three (03) Executive Directors.

Further, two directors appointed as Alternate Directors w.e.f.20 April 2022.

A summary of the expertise of the Board of Directors is as follows:

Expertise	No of Directors (10)
Finance & Management	4
Human Resource	1
Marketing & Logistic	2
Economics	1
Engineering	2

The profiles of the Chairman, CEO and other Directors are provided in the Annual Report on pages from 23 to 25.

CORPORATE GOVERNANCE

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

The Board makes every effort to ensure due compliance to good governance practices and makes objective assessment of the Company's risks, performance and prospects. These are discussed in detail in the Chairman's Review on page 16, CEO's Review on page 19, Financial & Operational Review on pages 27 and 40, Risk Management Report on page 112, Audit Committee Report on page 106, Remuneration Committee Report on page 108, Nomination Committee Report on page 109, and Annual Report of the Board of Directors on the Affairs of the Company on page 118.

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

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

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

Board's Independence

None of the Independent Directors have held executive responsibilities in the Company. They have submitted a declaration confirming their independence in accordance with Section 7 of the CSE Listing Regulations on Corporate Governance as at 31 March 2022. The Non-Executive Directors do not have any business interest that could materially interfere with the exercise of their independent judgments. The Board Members are permitted to obtain independent professional advice from a third party including the Company's External Auditors and other professional consultants whenever deemed necessary.

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

Name of the Director

Mr. A. M. Pandithage	4/4
Mr. M. H. Wijewardene	4/4
Mr. K. D. Kospelawatta	4/4
Mr. S. C. Ganegoda	3/4
Mr. M. H. Jamaldeen	4/4
Mr. N. L. S. Joseph	4/4
Mr. K. D. G. Gunaratne	4/4
Mr. D. K. De Silva Wijeyeratne	4/4
Mr. K. T. R. Chitrasiri (Alternate Director to Mr. S. C. Ganegoda)	
(Appointed w.e.f. 20 April 2022)	
Mr. R. S. Kulasuriya (Alternate Director to Mr. M. H. Wijewardene)	
(Appointed w.e.f. 20 April 2022)	

* Principal Director present at the meetings

Board Meetings and Circular Resolutions

The Board convenes at least on a quarterly basis to review the performance of the Company and take strategic decisions or even more frequently if the necessity arises. The scheduled dates of meetings for the year are approved by the Board in advance and the Directors are given adequate notice of any changes to the planned schedule. Meeting agendas and Board papers are circulated to all Board members prior to Board and Sub-committee meetings.

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

Number of Board Meetings held during the period	04
Number of Circular Resolutions passed	06

Focus of the Board during 2021/22

Determining the product development agenda policy

Product range diversification and maximizing resource efficiency

Discussion of implications of macro-economic and government

Risk management considerations

Board Meeting Attendance

The attendance at the Board meetings held during the year on 17 May 2021, 11 August 2021, 11 November 2021 and 14 February 2022 are given below.

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

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

Board independence from management is maintained by the presence of Non-Executive and Independent Directors. These Directors provide a mechanism to critically review all aspects of the Company's operations. They ensure that no single individual has unfettered powers of decision making and bring independent judgments to bear on issues of strategy, performance and risk. Both the Chairman and the CEO ensure that good governance is practiced throughout the organization; and that both Executive and Non-Executive Directors have opportunities

for effective participation. The CEO also ensures that the Board has full knowledge of the Company's affairs and facilitates effective communication with all of the Company's stakeholders including government agencies, suppliers, shareholders, employees and the general public.

Strategic Planning and Implementation

The Board is responsible for the strategic planning process of the Company. This includes the responsibility for the formulation of the strategic vision and mission of the Company, setting the overall corporate policy and strategy, monitoring performance and reviewing risks and major investments. The Board also takes on the added responsibility of directing Company performance towards achieving the best results possible and increasing shareholder value. The Board sets the broad parameters of the Company's business. The Company's business units are then tasked with their application, in achieving specific targets and objectives.

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

Company Secretary

Hayleys Group Services (Private) Limited provides Company secretarial services with competent qualified professionals who are registered as

Company Secretaries. All Directors have access to the advice and service of the Company Secretaries as necessary.

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

Executive Management

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

Chairman's Role

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

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

CORPORATE GOVERNANCE

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

Accountability

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

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

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

Sub-Committees

The Board has delegated certain functions warranting greater attention, to the 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. 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 from 106 to 111 of this Report.

Audit Committee

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

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

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

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

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

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

The detailed Report of the Audit Committee is given on page 106.

Remuneration Committee

The Remuneration Committee of the parent Company, Singer (Sri Lanka) PLC function as the Remuneration Committee to the Company. As at period-end, the Remuneration Committee comprised of three (03) Independent Non-Executive Directors of the Company. The Chairman and the Group CEO participates by invitation. The Committee is Chaired by an Independent Non-Executive

Director. The Singer Group Finance Director functions as the Secretary of the Committee. The Group CEO and the Singer Group Finance Director assist the Committee by providing relevant information and participating in analysis and deliberations.

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

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

The remuneration of the Directors is disclosed on pages 151 and 179 of this Annual Report and the detailed Remuneration Committee Report is given on page 108.

Internal Control

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

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

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

Relations with Shareholders

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

Investor Relations

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

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

Financial Reporting, Transparency and Supply of Information

Financial Statements are prepared and presented in accordance with the new Sri Lanka Accounting Standards

(SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka. Financial information is circulated as appropriate within and outside the organization.

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

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

Compliance with Law

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

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

CORPORATE GOVERNANCE

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
168 (1) (a)	The nature of the business of the Company together with any change thereof during the accounting period.	Complied	Refer item 1.2 on Principal Business Activities and Nature of Operations of the Company on page 134.
168 (1) (b)	Signed Financial Statements of the Company for the accounting period completed in accordance with section 152.	Complied	The Financial Statements of the Company for the period ended 31 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 130 to 181 form an integral part of this Report.
168 (1) (c)	Auditors' Report on Financial Statements of the Company.	Complied	Refer pages 126 to 129 for the Independent Auditors' Report.
168 (1) (d)	Any changes in Accounting Policies of the company.	Complied	Significant Accounting Policies adopted in the preparation of the Financial Statements of the Company are given on pages from 134 to 181.
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.
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 151.
168 (1) (g)	Corporate donations made by the Company during the accounting period.	Complied	Refer Note 9 on page 151.

168 (1) (h)	Information on the Directorate of the Company during and at the end of the accounting period.	Complied	Refer the pages from 23 to 25.
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period.	Complied	Refer Note 9 on page 151.
168 (1) (j)	Auditors' relationship or any interest with the Company.	Complied	Auditors do not have any other relationship or interest in contracts with the Company other than being the Auditors for the Company.
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board.	Complied	Refer the pages from 123 to 124 related to statement of directors' responsibility.

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 were Directors of the Entity.	Complied	Refer Annual report of the board of directors on the affairs of the company on the page 118.
7.6.ii	Principal activities of the company during the year.	Complied	Refer item 1.2 on page 134.
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	Refer Share Information on pages from 185 to 186.
7.6.iv	The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	Complied	Refer Share Information on page 184.
7.6.v	A statement of each Director's holding and Group Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year.	Complied	Refer Annual report of the board of directors on the affairs of the company on the page 118.
7.6.vi	Information pertaining to material foreseeable risk factors of the Entity.	Complied	Risk management section refer on pages from 112 to 114.
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.

CORPORATE GOVERNANCE

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
7.6.viii	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Complied	Refer Note 12.3 and 13.1 on pages from 155 to 159.
7.6.ix	Number of shares representing the Entity's stated capital.	Complied	Refer Note 23 on pages page 164.
7.6.x	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Complied	Refer section of Investor Information on pages from 184 to 186.
7.6.xi	Financial ratios and market price information.	Complied	Refer financial performance on page 11 and ten years at glance on page 182.
7.6.xii	Significant changes in the Company's fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year.	Complied	Refer Note 12 on pages 155.
7.6.xiii	Details of funds raised through a public issue, rights issue and a private placement during the year.	Complied	The Company did not raise funds to increase its Stated Capital during the year.
7.6.xiv	Information in respect of Employee Share Ownership or Stock Option Schemes.	Complied	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 Listing Rules.	Complied	Disclosures pertaining to directors - refer on pages from 22 to 25.
7.6.xvi	Details of related party transactions.	Complied	Refer Note 34 on pages from 179 to 181.
(b) Corporate Governance Compliance as per rule 7.10, 7.13 and 7.14 of the CSE Listing Rules			
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 pages from 118 to 122.
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)	Names of Independent Directors should be disclosed in the Annual Report.	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.

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
7.10.3(b)	The Board shall make a determination annually as to the independence or non-independence of each Non-Executive Director.	Complied	Refer Page 121.
7.10.3(c)	A brief resume of each Director should be included in the Annual Report including the area of experience.	Complied	Refer pages from 22 to 25.
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 Annual report of the board of directors on the affairs of the company on the page 121.
7.10.5	Remuneration Committee		
7.10.5 (a)	Number of Independent Non-Executive Directors in the Committee to be: <ul style="list-style-type: none"> a minimum of two (where a company has only two Directors on the Board), or in all other instances majority of whom are to be independent. 	Complied	The Committee comprises of three (03) Directors from whom all are Independent Non-Executive Directors.
	Separate Committee to be formed for the Company or the listed Parent's Committee to be used.	Complied	The Parent Company's Committee functions as the Committee to the Company
	Chairman of the Committee to be a Non-Executive Director.	Complied	The Chairman of the Committee is an Independent Non-Executive Director.
	Chairman or one member of the Committee to be a member of a recognized professional accounting body.	Complied	The Chairman of the Committee is a member of a recognized professional accounting body.
	CEO and CFO to attend committee meetings, unless otherwise determined by the Audit Committee.	Complied	CEO and CFO attend by invitation.
7.10.5. (b)	Function of the Committee.	Complied	The Remuneration Committee Report on page 108.
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 108.

CORPORATE GOVERNANCE

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
7.10.6	Audit Committee		
7.10.6 (a)	<p>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.</p> <p>The Chief Executive Officer and the Chief Financial Officer shall attend Audit Committee Meetings.</p> <p>The Chairman or one member of the Committee should be a Member of a recognized professional accounting body.</p>	Complied	<p>Refer the Audit committee report on pages from 106 to 107.</p> <p>The Chairman of committee is a member of a recognized professional accounting body.</p>
7.10.6. (b)	Functions of the Committee.	Complied	The Audit Committee Report on pages from 106 to 107. sets out the functions of the Committee.
7.10.6. (c)	<p>Disclosure in the Annual Report –</p> <ul style="list-style-type: none"> Names of Directors comprising the Audit Committee The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination The Annual report shall contain a Report of the Audit Committee in the prescribed manner. 	Complied	Please refer Audit committee report on pages from 106 to 107.
7.13.1 (a)	<p>Disclosure in the Annual Report on Audit Committee,</p> <ul style="list-style-type: none"> 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 from 106 to 107.
7.14.1 (b)	As a listed company in the ‘Diri Savi’ Board, the company maintained the minimum public holding under specified criteria.	Complied	Refer the Investor Information on page 184.

(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
9.2	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 from 110 to 111.
9.2.2	Combination of Non-Executive Directors and Independent Non-Executive Directors and may include Executive Directors at the option of the Company.	Complied	The Committee comprises two (02) Independent Non-Executive Directors and one (01) Executive Director Please refer the Report of the Related Party Transaction Review Committee on pages from 110 to 111.
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	The Parent Company's Committee functions as the Committee to the Company. The functions of the Committee are stated in the Report of the Related Party Transaction Review Committee on pages from 110 to 111.
9.2.4	Related Party Transactions Re-view Committee Meetings	Complied	Met four (04) times during the financial year 2021/22
9.3	Disclosures in the Annual Report		
9.3.1	Immediate Disclosures	Complied	Please refer Note 34.3.1 of the Notes to the Financial Statements on page 181.
9.3.2(a) & (b)	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Complied	Please refer Note 34.3.1 of the Notes to the Financial Statements on page 181.
9.3.2(C)	The Report by the Related Party Transaction Review Committee	Complied	Please refer the Report of the Related Party Transaction Review Committee on pages from 110 to 111.
9.3.2(d)	A Declaration by the Board of Directors	Complied	Please refer the Report of the Directors on page 123 for an affirmative statement of compliance of the Board.

CORPORATE GOVERNANCE

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	DIRECTORS		
A.1	The Board		
	Main Principle		
	Every public company should be headed by an effective Board, which should direct, lead and control the Company.		
A.1.1	Board Meeting		
	The Board should meet regularly - at least once every quarter and the Board should be provided information on a regular basis.	Complied	Details of the meetings and attendance of the members are set out on pages from 104 to 105. The meetings convened by the Board Subcommittees during 2021/22 are also provided on pages from 104 to 105.
	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.		A board pack containing all relevant information is submitted to the 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.
	Appointing the Chair and the Senior Independent Director if relevant.	Complied	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. Not applicable since Group CEO is the apex Executive in charge of the day-to-day management of operations and business of the Company.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
	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.
	Determining the matters expressly 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	<p>The Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities on ensuring the quality of financial reporting and related communication to the shareholders and the public.</p> <p>Audit Committee framework, composition, responsibilities and duties are given in the Audit Committee Report on page 106.</p> <p>Risk Management framework is given in the Risk Management Report appearing from pages 112 to 114.</p>
	Ensuring compliance with laws, regulation 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.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
	All stakeholders' interests are considered in corporate decisions.	Complied	The Board adopted core values and standards which set out the conduct of staff in their dealings with shareholders, customers, community, environment, suppliers and other stakeholders. Once the core values are set and communicated to all levels of the Organization, there is a belief that the highest standards of integrity are maintained in business.
	Recognizing 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 pages from 16 to 21 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	Compliance with laws and seeking independent professional advices		
	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	Company Secretary		
	All Directors should have access to the advice and service of the Company Secretary, who is responsible to the Board in ensuring, that the Board procedures are followed and that the applicable rules and regulations are complied with. Any question of the removal of the Company Secretary should be a matter for the Board as a whole.	Complied	The Company Secretary ensures that all Board Terms of Reference are followed and applicable rules and regulations are adhered to. The Company Secretary advises the Board and ensures that the Company complies with its Articles of Association, Companies Act and such regulatory publication, Board procedures and other applicable rules and regulations are followed. All Directors have access to the Company Secretary. The Secretary possesses the required qualifications as set out in the Companies Act.
	The Company should obtain appropriate insurance cover as recommended by the Nomination Committee for the Board, Directors and Key Management Personnel.	Complied	Insurance cover has been obtained.
A.1.5	Independent judgement of Directors		
	All Directors should bring independent judgement to bear on issues of 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	Dedication of adequate time and effort by the Directors		
	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	The Board is satisfied that the Chairman and the Non-Executive Directors committed sufficient time during 2021/22 to fulfil their duties. 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 the best interest to the Company to do so.	Complied	As per Articles of Association, resolutions could be passed with majority voting.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.1.8	Training for new and existing Directors		
	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	Separation of the roles of Chairman and Group CEO		
	The positions of Chairman and Group CEO are separated to ensure a balance of power and authority and to prevent any one individual from possessing unfettered decision-making authority.	Complied	The Chairman of the Board of Directors functions in an executive capacity. The Group Chief Executive Officer functions as an Ex-Officio Director of the Board and is the apex executive in charge of the day-to-day management of operations. The position of Chairman and Managing Director is segregated. Chairman is Mr. Mohan Pandithage and CEO is Mr. Mahesh Wijewardene.
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	Role of Chairman		
	The Chairman should conduct Board proceedings in a proper manner and ensure. The agenda for Board meetings is developed in consultation with the CEO, Directors and the Company Secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance.	Complied	Agenda for Board meetings is developed in consultation with the Group CEO, Directors, CFO and the Company Secretary.
	Sufficiently detailed information of matters included in the agenda should be provided to Directors in a timely manner.	Complied	Required information are provided to Directors in a timely manner.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
	All Directors are made aware of their duties and responsibilities and the Board and Committee structures through which it will operate in discharging its responsibilities.	Complied	All Directors are aware of their duties and responsibilities and Chairman and Group CEO provide a comprehensive overview of the Company and its operations once a new Director is appointed to the Board.
	The effective participation of both Executive and Non-Executive Directors is secured.	Complied	The Chairman is responsible for leading the Board and for its effectiveness. In practice, this means taking responsibility for the Board's composition, ensuring that the Board focuses on its key tasks and supports the Group CEO in managing the day-to-day running of the Company. The Chairman is also the ultimate point of contact for shareholders, particularly on corporate governance issues.
	All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company.	Complied	The Chairman satisfies himself that the information available to the Board is sufficient to make an informed assessment of the Company's affairs as well as to discharge their duties to all stakeholders.
	All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusion of matters of corporate concern on the agenda	Complied	Necessary information and presentations are done if necessary to the agenda items. All Directors are free to communicate with Divisional Heads and Head of Risk Management to call additional information necessary.
	A balance of power between Executive and Non-Executive Directors is maintained.	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.
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.		
A.4.1	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 from 22 to 25.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.5	Board Balance		
	Main Principle		
	Balance of Executive and Non-Executive Directors		
A.5.1	Presence of strong team of Non-Executive Directors		
	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.	Complied	pages from 22 to 25.
	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.		
A.5.2	Independent Non-Executive Directors		
	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	pages from 22 to 25.
A.5.3	Independence of Non-Executive Directors		
	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	Annual Declaration		
	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	Determination of Independence of Director		
	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.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.5.6	Appointment of Alternate Director		
	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	Requirement to appoint "Senior Non-Executive Director"		
	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	Confidential discussion with Senior Independent Director		
	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	Chairman's meetings with Non-Executive Directors		
	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.
A.5.10	Recording of concerns in Board Minutes		
	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.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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 109.
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 Chief Executive Officer 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.	Not Complied	Not Complied
A.9.3	The Board should have a process to review the participation, contribution and engagement of each director at the time of re-election.	Not Complied	Not Complied

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.9.4	The Board should state how such performance evaluations have been conducted, in the Annual Report.	Not Complied	Not Complied
A.10	Disclosure of Information in respect of Directors		
	Main Principle		
	Shareholders should be kept advised of relevant details in respect of Directors		
A.10.1	<p>The Annual Report of the Company should set out the following information in relation to each Director:</p> <ul style="list-style-type: none"> 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	<p>Refer Board of Directors on pages from 22 to 25.</p> <ul style="list-style-type: none"> Refer pages from 104 to 105. 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.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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.
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 108.
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 108.
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.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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 Sub-committee.
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.
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.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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 108.
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.
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.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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 108. Remuneration paid to the Board of Directors is disclosed in Note 09 in the Financial Statements on page 151.
C	RELATIONS WITH SHAREHOLDERS		
C.1	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.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
C.1.2	<p>Companies should propose a separate resolution at the AGM on each substantially separate issue and should in particular propose a resolution at the AGM relating to the adoption of the report and accounts. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. The proxy form and any announcements of the results of a vote should make it clear that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.</p>	Complied	<p>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.</p>
C.1.3	<p>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,</p> <ul style="list-style-type: none"> • 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. 	Complied	<p>The Company ensures that all valid proxy appointments received for general meetings are properly recorded and counted.</p>
C.1.4	<p>When, in the opinion of the board, a significant proportion of votes have been cast against a resolution at any general meeting, the Board should take steps to understand the reasons behind the vote results and determine if any actions are required.</p> <p>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.</p>	Complied	<p>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.</p>

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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.
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	<p>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;</p> <ul style="list-style-type: none"> • 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	<p>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.</p>
C.2.3	The Company should disclose how they implement the above policy and methodology is implemented.	Complied	<p>Printed copies of Annual Report are provided to all shareholders on request without charge and soft copies are available in corporate website.</p> <p>All other announcements are posted on the CSE website.</p>
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.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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 Manager Financial Reporting 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.
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. 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.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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	ACCOUNTABILITY AND AUDIT		
D.1	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 financials have been reviewed and approved by the Board Audit Committee, prior to publication.
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	<p>The Board is well aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on pages from 123 to 124 confirming this position.</p> <p>The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Quarterly and Annual Financial Statements which are prepared and presented in conformity with Sri Lanka Accounting Standards. Further, Company has complied with the reporting requirements prescribed by the regulatory authority such as the Colombo Stock Exchange. Refer Finance calendar 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.</p>

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.1.3	<p>The Board should, before it approves the Company's Financial Statements for a financial period, obtain from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.</p>	Complied	<p>Please refer to CEO and Chief Financial Officer's Responsibility Statement on pages from 16 to 21.</p>
D.1.4	<p>The Directors' Report, which forms part of the Annual Report, should contain declarations by the Directors to the effect that:</p> <ul style="list-style-type: none"> • 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	<p>The Annual Report of the Board of Directors on the Affairs of the Company given on pages from 118 to 122 covers all of these sections.</p>

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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 123. The Independent Auditors' Report on pages from 126 to 129 states the Auditor's responsibility. The Statement on Internal Control is given on page106.
D.1.6	The Annual Report should contain a "Management Discussion and Analysis", 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 Management Discussion and Analysis may be structured based on the integrated reporting framework issued by International Integrated Reporting Council and "a preparer's guide to integrated Corporate Reporting" issued by CA Sri Lanka.	Complied	Refer Chairman's Statement on pages 16 to 18. Group Chief Executive Officer's Review on pages 19 to 21. Management Discussion and Analysis on pages 34 to 60 of this Annual Report.
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. However, should the situation arises, an EGM will be called for and shareholders will be notified.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.1.8	<p>The Board should adequately and accurately disclose the Related Party Transactions in its Annual Report,</p> <ul style="list-style-type: none"> • 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	<p>Each related party has submitted signed and dated declarations mentioning whether they had related party transactions with the Company during the period ended 31 March 2022.</p> <p>Related Party Transactions Review Committee reviewed related party transaction which is described in this Annual Report in pages 110 to 111.</p> <p>Related parties and related party transactions are captured and documented by the Company.</p>

D.2**Risk Management and Internal Control****Main Principle**

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

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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	<p>The Board is responsible for establishing sound framework of risk management and internal controls and monitoring its effectiveness on a continuous basis.</p> <p>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.</p>
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 112 to 114 in the Risk Management report.
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.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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 106 to 107.
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 106 to 107.
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 106 to 107. Disclosure on the independence of the Auditors is found on pages 121 to 122 in the Annual Report of the Board of Directors on the Affairs of the Company on pages 118 to 122.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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	<p>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.</p> <p>Executive Directors may attend by invitation.</p> <p>The chairman should be an Independent Non-Executive Director appointed by the board.</p>	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 from 110 to 111.
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.		

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.5.1	<p>All companies must disclose whether they have a Code of Business Conduct and Ethics for directors and key management personnel and if they have such a code, make an affirmative declaration in the Annual Report that all Directors and Key Management Personnel have declared compliance with such code, and if unable to make that declaration, state why they are unable to do so. Each company may determine its own policies in the formulation of such a code, but all companies should address the following important topics in their respective codes:</p> <ul style="list-style-type: none"> • 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 behavior. 	Complied	<p>Company has an internally developed Code of Conduct. All employees including Directors, Key Managers and Senior Managers are bound by the Company's written Code of Ethics.</p> <p>The Company has implemented a formal whistle-blowing procedure and encourages any employee who suspects wrong doing at work, whether by Management, peers or any other employee, to raise their concerns.</p>
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	<p>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.</p> <p>Refer to Investor Information on page 184.</p>

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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 62 to 105 sets out the manner and extent to which Singer Industries (Ceylon) PLC has complied with the principles and provisions of 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 Engagement section in page 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.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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 organization's business model, IT devices within and outside the organization can connect to the organization'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 authorized or unauthorized.	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.
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.	Not Complied	Not Complied. IT policies and Cyber security policies are to be presented to the Board.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
G.4	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 SSSLP. Identified risks will be evaluated and proper measures are taken by the SSSLP 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.
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	<p>Companies should provide information in relation to:</p> <p>The relevance of environmental, social and governance factors to their business models and strategy.</p> <p>How ESG issues may affect their business.</p> <p>How risks and opportunities pertaining to ESG are recognized managed, measured and reported.</p>	Complied	<p>Risk Management on pages 112 to 114.</p> <p>Refer pages from 34 to 60.</p>
H.1.2	Environmental Factors		
H.1.2.1	<p>Environmental governance of an organisation should adopt an integrated approach that takes into consideration the direct and indirect economic, social, health and environmental implications of their decisions and activities, including:</p> <p>pollution prevention</p> <p>sustainable resource use (e.g: water, energy)</p> <p>climate change</p> <p>protection of environment</p> <p>bio-diversity</p> <p>restoration of natural resources</p>	Complied	Refer pages 55 to 57.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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 41 to 44.
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, recognizing managing and reporting on all pertinent aspects of ESG.	Complied	Risk Management on pages 112 to 114. Refer pages from 34 to 60.
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 formalized 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) Standards in this annual report and described from pages 34 to 60.

Transparency and Business Ethics

We ensure the transparency in all public disclosures, as well as in the way business and communication take place with all stakeholders. The written Code of Ethics which bound all employees include the following aspects;

- Exercise honesty, objectivity and diligence when performing ones duties.

- Avoid situations where personal interest might conflict with the interest of the Company; and if so, disclose such interest in advance.
- Maintain confidentiality of commercial and price sensitive information.
- Work within applicable laws and regulations.
- Safeguard the Company's assets.
- Avoid conduct that will reflect badly on the person concerned or the Company's image.

- Strictly avoid giving or accepting any kind of bribe, either directly or indirectly.
- Strictly avoid making contributions for political funds, either directly or indirectly.
- Strictly avoid any kind of sexual harassment.

Whistle Blowing Policy

A 'Whistle Blowing Policy', was introduced in 2009 and this has immensely increased the level of

CORPORATE GOVERNANCE

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

Other Policies

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

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

ESG Reporting

The Company has adopted an integrated approach to determining strategy, taking into consideration the social and environmental impacts of its decisions. This integrated thinking is reflected in the Company's reporting practices, when 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. The material topics which form the core of this Report represent economic social and environmental factors. Key elements of our ESG Reporting include the following;

	Page Reference
Waste management	Page 55
Environmental impacts of our products	Page 45
Community relationships	Page 41
Customer relationships	Page 41
Labour practices	Page 49
Supplier relationships	Page 41

Summary of meetings	No. of meetings
Board meetings	4
Audit committee meetings	4
Remuneration committee meetings	1
Nomination committee meetings	0
Related party transactions review committee meetings	4

Board meetings	Audit committee meetings	Remuneration committee meetings	Nomination committee meetings	Related party transactions review committee meetings
17 May 2021	13 May 2021	26 July 2021	-	13 May 2021
11 August 2021	09 August 2021	-	-	09 August 2021
11 November 2021	08 November 2021	-	-	08 November 2021
14 February 2022	09 February 2022	-	-	09 February 2022

Individual attendance	Directorship status	Board meetings	Audit committee meetings (Committee of the Parent Company)	Remuneration committee meetings (Committee of the Parent Company)	Nomination committee meetings (Committee of the Parent Company)	Related party transactions review committee meetings (Committee of the Parent Company)
Mr. A.M. Pandithage	Executive	4/4	-	-	-	-
Mr. M.H. Wijewardene Mr. R. S. Kulasuriya (Alternate Director to Mr. M.H. Wijewardene - appointed on 20 April 2022)	Executive	4/4	-	-	-	4/4
Mr. K.D. Kospelawatta	Executive	4/4	-	-	-	-
Mr. S.C. Ganegoda Mr. K.T.R. Chitrasiri (Alternate Director to Mr. S.C. Ganegoda - appointed on 20 April 2022)	Non Executive Director	3/4	-	-	-	-
Mr. M.H. Jamaldeen	Independent Non Executive Director	4/4	4/4	-	-	-
Mr. N.L.S. Joseph	Independent Non Executive Director	4/4	-	-	-	-
Mr. K.D.G. Gunaratne	Independent Non Executive Director	4/4	-	-	-	-
Mr. D.K. De Silva Wijeyeratne	Independent Non Executive Director	4/4	4/4	1/1	-	4/4
Mr. D. Sooriyaarachchi (Director - Singer (Sri Lanka) PLC)	Independent Non Executive Director	-	3/4	1/1	-	3/4
Mr. D.T.R. De Silva	By Invitation	-	-	-	-	2/2

AUDIT COMMITTEE REPORT

PREAMBLE

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

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

COMPOSITION OF THE COMMITTEE

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

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

The brief profiles of the Directors is given on pages 22 to 25 of this Annual Report.

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

RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

The Audit Committee's authority, responsibilities and specific duties

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

INTERNAL AUDIT RISK AND CONTROL

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

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

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

FINANCIAL REPORTING

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

The Committee reviews the Compliance Officer's report on the Company's compliance with the

applicable laws and regulations, including internal policy codes of conduct of its employees, monitors the Company's compliance with the applicable laws and regulations, including any internal policy codes of conduct of its employees.

MEETINGS OF THE COMMITTEE

During the period, four (04) Audit Committee meetings were held to discuss the reports of the Internal and External Auditors and quarterly accounts. The final accounts were also discussed at the meeting held on 12 May 2022. The minutes of the meetings were tabled at the meetings of the Board of Directors for information and necessary action.

ATTENDANCE

The attendance of the Committee Members at the Audit Committee meetings held on 13 May 2021, 09 August 2021, 8 November 2021 and 09 February 2022 are given below.

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

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 Company.

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 Company's compliance with the applicable laws and regulations, including any internal policy codes of conduct of its employees.

CORPORATE GOVERNANCE

The Company is fully compliant 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.

EXTERNAL AUDITORS

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

with the Audit Committee and the Management to agree on audit issues.

The Audit Committee has recommended to the Board of Directors that Messrs KPMG, Chartered Accountants be re-appointed as the External Auditors of the Company for the financial year 2022/23 as a deemed provision in terms of Section 158 of the Companies Act No. 7 of 2007, subject to the approval of the shareholders at the Annual General Meeting (AGM) and the required resolution will be put to the shareholders at the AGM.

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

CONCLUSION

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

(Sgd.)

D.K. De Silva Wijeyeratne

Chairman - Audit Committee

Colombo.
12 May 2022

REMUNERATION COMMITTEE REPORT

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

COMPOSITION OF THE COMMITTEE

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

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

The brief profiles of the Directors are given on pages 22 to 25 of this Annual Report.

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

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

THE SCOPE OF THE COMMITTEE

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

Remuneration and perquisites of the Group CEO is reviewed and approved by the Ultimate Parent Company's Remuneration Committee (Hayleys

PLC) and it is not under the scope of the Board Remuneration Committee of the Company.

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

REMUNERATION POLICY

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

MEETINGS

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

ATTENDANCE

The Committee met on 26 July 2021 during the period.

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

CONCLUSION

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

(Sgd.)

M.H. Jamaldeen

Chairman - Remuneration Committee

Colombo.
13 May 2022

NOMINATION COMMITTEE REPORT

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

COMPOSITION OF THE COMMITTEE

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

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

*Executive

**Non-Executive

***Independent Non-Executive

Brief profiles of the Directors are given on pages 22 to 25 of the Annual Report.

THE DUTIES OF THE COMMITTEE

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

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

MEETINGS

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

RE-ELECTION OF DIRECTORS AT THE ANNUAL GENERAL MEETING

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

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

APPOINTMENT OF OVER 70 YEARS DIRECTOR

The Nomination Committee has recommended that Mr. A.M. Pandithage be 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.

APPOINTMENT OF AN ALTERNATE DIRECTOR

Mr. K.T.R. Chitrasiri (Alternate Director to Mr. S.C. Ganegoda) and Mr. R.S. Kulasuriya (Alternate Director to Mr. M.H. Wijewardene) have been appointed by the Board with effect from 20 April 2022.

The above recommendation was approved by the Board.

CONCLUSION

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

(Sgd.)

A.M. Pandithage

Chairman - Nomination Committee

Colombo.

13 May 2022

RELATED PARTY TRANSACTION REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) of the Parent Company functions as the RPTRC Committee of the Company in terms of Section 9 of the Listing Rules of the Colombo Stock Exchange and the code of Best Practice of Corporate Governance issued by the Institute of Chartered Accounts of Sri Lanka.

COMPOSITION OF THE COMMITTEE

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

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

Mr. 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.

* Independent Non-Executive
** Executive

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

Brief profiles of the members are given on pages 22 to 25 of this Annual Report.

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

THE DUTIES OF THE COMMITTEE

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

- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.

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

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

TASK OF THE COMMITTEE

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

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

MEETINGS

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

ATTENDANCE

The attendance of the Committee Members at the meetings held on 13 May 2021, 09 August 2021, 08 November 2021 and 09 February 2022 are given below.

Name of the Committee Member	Attendance
Mr. D. Sooriyaarachchi	3/4
Mr. D.K. De Silva Wijeyeratne	4/4
Mr. M.H. Wijewardene	4/4
Mr. D.T.R. De Silva (by Invitation)	2/2

REPORTING TO THE BOARD

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

DISCLOSURES

A detailed disclosure of all the related party transactions including Recurrent and Non-Recurrent related party transactions which are required to be disclosed under Section 9.3.2 of the Listing Rules of the Colombo Stock Exchange has been made in Note 34 to the Financial Statements given in page 179 to this report.

CONCLUSION

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

(Sgd.)

D. Sooriyaarachchi

Chairman - Related Party
Transactions Review Committee

Colombo.
12 May 2022

RISK MANAGEMENT

As a manufacturing entity, Singer Industries (Ceylon) PLC is exposed to multiple risks emanating from the internal and external business environment. An organisation-wide, holistic risk management framework is in place to with the necessary structure to effectively manage and mitigate risks in a consistent manner. With the pandemic-led disruption and the macroeconomic vulnerabilities the risk landscape has shifted dramatically exposing the company to multiple risks. Hence the company has strengthened its risk management practices.

Risk Governance

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

Performance of the Company is evaluated through quarterly and monthly performance reports which compare the performance of the Company against budgeted performance parameters. This enables the Company to take proactive measures to take corrective actions in order to mitigate risks. Through this process the Management Committee is informed well in advance of the deviations and possible sources of risk.

Internal, external and corporate audits are crucial in the risk management process. These Auditors review reports on the Group's operational and financial systems and recommend corrective action to manage any risks that they identify. Audit Committee reviews significant audit findings.

Principles of Risk Management

Risk management is an organisation-wide discipline, with all business functions engaged in the proactive risk identification and mitigation.

We are cognizant of the various risks that our Company is exposed to and have taken suitable and adequate measures to manage them which will

help us to meet the expectations of all the stakeholders.

At the strategic level our risk management objectives are as follows:

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

The risks faced by the Company can be broadly categorized as follows:

TYPE OF RISK	FACTORS IMPACTING RISK	MITIGATION STRATEGIES
Economic Risk	<p>The heightened economic vulnerabilities expose the Company's business operations to many economic conditions. These variables have multiple impacts which will affect the demand for the products manufactured by the Company.</p> <p>The severe shortage in Sri Lanka's foreign currency reserves and has created difficulties in opening letters of credit to facilitate imports led to persistent challenges in procuring raw material.</p>	<p>The Company keeps abreast with changes in the external environment to adapt with agility and speed. Given the inflationary market conditions where raw material prices have risen steeply the Company needs to manage its cost structures prudently. Each Manager is given cost management as a KPI. Furthermore, the Company needs to manage its margins as price increases will diminish demand for the products in the market due to the discretionary nature of the products. In line with evolving needs of the younger demographics, the Company has modernized its product range to appeal to this segment with more light weight and portable ranges of sewing machines. The Company has taken steps to maintain a buffer inventory to maintain sudden demand requirements of the market.</p>

Asset Risk	Relates to the risk associated with physical assets and the loss of value through theft, damages and destruction.	We have taken steps to insure all assets against identified and insurable risks. The relevant insurance policies are subject to a comprehensive annual review wherein relevant modifications are made against emergent risks.
Investment Risk	As the Company invests in new design and development of products to be competitive and innovative the risk of failure stemming from such investments is taken into consideration.	To mitigate such risks a comprehensive due diligence study is conducted prior to committing resources towards the investment. A due diligence study ensures that projected budgets and forecasts can be met and examines the impact of technological and other factors on the investment decision.
Health and Safety Risk	With the pandemic in 2020, health and safety of employees has been a critical area of focus.	Special health and safety protocols are in place to enable business activities to be conducted in line with the health and safety guidelines published by government of Sri Lanka.
Financial Risk	Financial risk relates to the financial resources that are available for the functioning of the operations of the Company. Therein the main exposures are liquidity risk, interest rate risk and currency risks. The fluctuation of the exchange rate and the significant devaluation of the Rupee has led to a sharp increase in raw material prices. This is exacerbated by the rising interest rates which increases cost of working capital.	The Group strength of the Company places a significant bearing in managing the financial risks of the Company. Further by having in place the relevant financial best practices and strategic planning in place the Company is able to mitigate risks well in advance.
Labour Risk	Labour is an integral part of the manufacturing process and any disruption will have a significant impact on the business continuity, quality of output and market share. Labour related litigation and investment in recruiting and training and development to maintain quality of labour is integral to mitigate labour related risks.	A collective bargaining system ensures that labour related issues are managed to ensure equitable balance between the interests of the employer and employee are maintained. This ensures that contented and motivated work force who will work towards the objectives of the Company.
Risks from fiscal changes	Changes in the duty, and tax structures applicable for the manufacturing sector may pose a direct risk on the Company's pricing and profitability levels. Further, it may pose a risk to the Company since it has invested heavily in the infrastructure by setting up factories and generating employment opportunities for many people and hold stocks of substantial value at any given point in time.	In order to mitigate this risk, we continue to work with the Chambers of Commerce, Industrial Associations to collectively voice our concerns regarding possible adverse impacts of sudden changes in taxes and duty structure and lobby for necessary incentives.
Supplier Risk	As a manufacturing entity we procure from both local and international suppliers. Thereby, dependability, product quality and the right price are some of the key critical success factors.	To ensure the quality of the materials supplied, we have put in place certain measures including procurement from overseas being done from ISO certified suppliers, maintaining multiple suppliers for raw materials and maintaining a good coordination between suppliers and quality assurance department and frequent visits to the factories of the local suppliers and advising them on quality assurance.

RISK MANAGEMENT

Liquidity Risk	Liquidity issues can have an adverse impact on on-going operations as well as investment decisions. In order to minimise the risk, The Company regularly reviews its liquidity position and reports to the Board. Through continuous rolling forecasts, the future cash requirements are ascertained.	The Company has excellent relationships with the banks it deals with and enjoys substantial banking facilities. In addition, Group treasury of the ultimate parent company, Hayleys' PLC also assists the Company by providing funds at competitive rates in times of need.
Marketing Risk	The Company does not undertake marketing of the products to the final consumer on its own.	All products manufactured by the Company are sold to the Singer Group. The risk of depending on one buyer for the Company's products is minimised by entering into a formal marketing agreement with affiliated companies of Singer Group, which is a highly reputed and respected company among households in Sri Lanka with an unparalleled distribution network and a reputation for after sales service.
Reputation Risk	Among the specific sources of reputation risk are the environmental effects of the production and related activities and any issues concerning the quality of the products manufactured.	The strong Corporate Governance structure in place in line with the Group practices has helped the Company maintain a high levels of standards and compliance levels. The Company has embedded sustainability to its operations to ensure that business operations are done as per mandated guidelines.

INDEPENDENT ASSURANCE REPORT

TO THE BOARD OF DIRECTORS OF SINGER INDUSTRIES (CEYLON) PLC



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on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2021/22

SCOPE

We have been engaged by the management of Singer Industries (Ceylon) 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 40 of the Report.
- Limited assurance on other information presented in the Report, prepared in accordance with the GRI Standards: Core option.

CRITERIA APPLIED BY SINGER INDUSTRIES (CEYLON) 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").

SINGER INDUSTRIES (CEYLON) PLC'S RESPONSIBILITIES

Singer Industries (Ceylon) 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 Singer Industries (Ceylon) 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 due to fraud or error. In making those risk assessments, we have considered internal control

INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF SINGER INDUSTRIES (CEYLON) PLC



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 **Singer Industries (Ceylon) 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 40 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.

Chartered Accountant

Colombo
13 May 2022

FINANCIAL INFORMATION

	2021/22	2020/21
ANNUAL REPORT AND ANNUAL GENERAL MEETING		
Annual Report Approved	13 May 2022	17 May 2021
Annual General Meeting	29 June 2022	28 June 2021
INTERIM FINANCIAL STATEMENTS		
For the three months ended/ending June 30, (unaudited)	11 August 2021	4 August 2020
For the six months ended/ending September 30, (unaudited)	11 November 2021	9 November 2020
For the nine months ended/ending December 31, (unaudited)	14 February 2022	10 February 2021
For the twelve months ended/ending March 31, (unaudited)	13 May 2022	17 May 2021

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

The Board of Directors of Singer Industries (Ceylon) PLC has pleasure in presenting their Report on the affairs of the Company together with the audited Financial Statements of the Company for the year ended 31 March 2022.

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

REVIEW OF THE YEAR

The Chairman's Statement (on pages from 16 to 18) and the Chief Executive Officer's Review (on pages from 19 to 21), describes the Company's affairs and mentions important events that occurred during the year and up to the date of this Report. The financial capital on pages 34 to 40 elaborates the financial results of the Company. These reports together with the audited Financial Statements reflect the state of the affairs of the Company.

PRINCIPAL ACTIVITIES

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

FINANCIAL STATEMENTS

The Financial Statements prepared in compliance with the requirements of Section 151 of the Companies Act No. 07 of 2007 duly certified by the Chief Financial Officer (CFO) and approved by the Board of Directors are given on pages 130 to 181 in this Annual Report. The Financial Statements are prepared in accordance with SLFRS/LKASs, the Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka to coverage with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

INDEPENDENT AUDITOR'S REPORT

The Company's Auditors Messrs KPMG, Chartered Accountants performed the audit on the Financial Statements for the year ended 31 March 2022 and the independent Auditor's Report on the Financial Statements is given on page 126 in this Annual Report.

ACCOUNTING POLICIES

The Accounting Policies adopted in preparation of the Financial Statements are provided in details in the Notes to the Financial Statements on pages 134 to 181. The Company has consistently applied the Accounting Policies as set

out in Note 3 to all periods presented in these Financial Statements.

PROPERTY, PLANT & EQUIPMENT

During the year under review, the Company invested a sum of Rs. 1,217,791/- (2020/21 Rs. 1,662,268/-) in property, plant & equipment.

Details of property, plant and equipment and their movements are given in Note 12 to the Financial Statements respectively.

MARKET VALUE OF PROPERTIES

The freehold property of the Company is valued by an Independent Qualified Valuer when there is a substantial difference between the fair value and the carrying amount of the freehold property. The company review its freehold land & building once in every three years and investment property in annually. The details of the revaluation are given in Note 12 and 13 to the Financial Statements on pages 155 to 159 in this Report.

INVESTMENTS

The Company has invested Rs. 54 million (2020/21 - Rs. 54 million) in the Stated Capital of Reality (Lanka) Limited. and accounted as an Equity Accounted Investee.

Details of the investment in Equity Accounted Investee are given in Note 14 to the Financial Statements on page 159.

DIRECTORS' RESPONSIBILITY

The Statement of the Directors' Responsibility is given on page 123 of this Annual Report.

CORPORATE GOVERNANCE

The Company has complied with the following mandatory rules issued by the Colombo Stock Exchange ("CSE"), relevant provision of Companies Act No. 07 of 2007 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 No. 07 of 2007 in page 68.
- 2 Content of the Annual Report as per rule 7.6 of the listing rules of CSE in page 69.
- 3 Requirements on Corporate Governance as per rule 7.10 of the listing rules of CSE in pages 70 to 72.
- 4 Requirements on Related Party Transactions as per rule 9 of the listing rules of CSE in page 73.
- 5 Code of best practices on Corporate Governance 2017 issued by CA Sri Lanka in pages 74 to 103.

PROFIT AND APPROPRIATIONS

For the year ended	31.03.2022 Rs.	31.03.2021 Rs.
Company profit before income tax expense after deducting all expenses, known liabilities and depreciation amounts to	108,850,226	(1,957,786)
From this has to be deducted the income tax expense (Refer Note 10 to the Accounts)	(16,143,531)	(4,961,999)
To this has to be added the Other Comprehensive Income	(12,444,331)	3,013,113
Making a profit for the year attributable to equity holders of	80,262,364	(3,906,672)
To this has to be added the balance brought forward from previous year of	476,880,783	476,379,204
To this has to be added the transfer from revaluation reserve	4,640,717	4,408,251
Balance to be carried forward by the Company of	561,783,864	476,880,783

RESERVES

Company Reserve and Retained Earnings as at 31 March 2022 amounted to Rs. 1,573 million vs Rs. 1,345 million as at 31 March 2021.

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

STATED CAPITAL

The Stated Capital of the Company was Rs. 100,003,800/- as at 31 March 2022 consisting 20,000,760 ordinary shares (Rs. 100,003,800/- as at 31 March 2021). The details are given in Note 23 to the Financial Statements on page 164.

EVENTS OCCURRING AFTER THE REPORTING DATE

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

INFORMATION PERTAINING TO FORESEEABLE MATERIAL RISK FACTORS

The Directors are of the opinion, based on their knowledge of the company, key operations and specific inquiries that the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern even in the Covid 19 pandemic situation and prevailing economic downturn.

ULTIMATE PARENT COMPANY

Singer (Sri Lanka) PLC is the parent Company of Singer Industries (Ceylon) PLC. Hayleys PLC is the ultimate parent

Company of Singer Industries (Ceylon) PLC with effect from 15 September 2017.

STATUTORY PAYMENTS

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 123.

DIRECTORS' INTERESTS & INTEREST REGISTER

Details of transactions with Director-related entities are disclosed in Note 34 to the Financial Statements on page 179 and have been declared at the Board meeting, pursuant to Section 192 (2) of the Companies Act No. 07 of 2007. Directors' interest in shares are given in the later part of this Report.

DIRECTORS' REMUNERATION

Aggregate remuneration paid to the Executive and Non-Executive Directors during the financial year is given in Note 34.2 to the Financial Statements on page 179.

DIRECTORS' INDEMNITY AND INSURANCE

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

BOARD COMMITTEES**Audit Committee**

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

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

The members and the composition of the members are given on page 106 under the Audit Committee Report.

The Report of the Audit Committee on page 106 set out the manner of compliance by the Company in accordance with the requirements of the Rule 7.10 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

Remuneration Committee

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

The members and the composition of the members are given on page 108 under the Report of the Remuneration Committee.

The Report of the Remuneration Committee on page 108 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 34.2 on page 179 to the Financial Statements.

Nomination Committee

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

The members and the composition of the members are given on page 109 under the Report of the Nomination Committee.

The Report of the Nomination Committee on page 109 set out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

Related Party Transactions Review Committee

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

The members and the composition of the members are given on page 110 under the Report of the Related Party Transactions Review Committee.

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

SHARE INFORMATION AND SUBSTANTIAL SHAREHOLDINGS

The distribution of shareholding, public holding percentage, market value of shares, top twenty largest Shareholders and the percentage held by each of them are disclosed on pages 184 to 186.

The earnings per share, market price per share and net asset value per share are given in financial highlights on page 11 and ten years at a glance on page 182 in this Annual Report.

DIRECTORATE AND SHAREHOLDINGS

The names of the Directors of the Company as at 31 March 2022 and their brief profiles are given on pages from 23 to 25 in this Annual Report.

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

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

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

Mr. K.T.R. Chitrasiri (Alternate Director to Mr. S.C. Ganegoda) and Mr. R.S. Kulasuriya (Alternate Director to Mr. M.H. Wijewardene) have been appointed by the Board with effect from 20 April 2022.

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

Name of the Director	No. of Shares	
	As at 31.03.2022	As at 31.03.2021
Mr. A.M. Pandithage	-	-
Mr. S.C. Ganegoda	-	-
Mr. M.H. Jamaldeen	-	-
Mr. N.L.S. Joseph	-	-
Mr. K.D.G. Gunaratne	-	-
Mr. K.D. Kospelawatta	1,040	1,040
Mr. D.K. De Silva Wijeyeratne	-	-
Mr. M.H. Wijewardene	-	-
Mr. K.T.R. Chitrasiri (Alternate Director to Mr. S. C. Ganegoda) -Appointed w.e.f. 20 April 2022	-	-
Mr. R.S. Kulasuriya (Alternate Director to Mr. M. H. Wijewardene -Appointed w.e.f. 20 April 2022	170	170

INDEPENDENCE OF DIRECTORS

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

Although Mr. M. H. Jamaldeen has not met the criteria mentioned in Rule 7.10.4 (g) the Board of Directors are of the opinion that he is nevertheless independent as he is able to act independently in performing his duties as a director, his high standing in society, experience and knowledge will be an asset to the Company and he does not participate in executive decision making.

Although Mr. K. D. G. Gunaratne has not met the criteria mentioned in Rule 7.10.4 (g) the Board of Directors are of the opinion that he is nevertheless independent as he is able to act independently in performing his duties as a director, his high standing in society, experience and knowledge will be an asset to the Company and he does not participate in executive decision making.

Although Mr. D. K. De Silva Wijeyeratne has not met the criteria mentioned in Rule 7.10.4 (g) the Board of Directors are of the opinion that he is nevertheless independent as he is able to act independently in performing his duties as a director, his high standing in society, experience and knowledge will be an asset to the Company and he does not participate in executive decision making.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

EMPLOYEES AND INDUSTRIAL RELATIONS

The number of persons employed by the Company as at 31 March 2022 was 72 (31 March 2021 - 77).

Details of Company's human resource practices and employees and industrial relationships are given in pages 49.

DONATIONS

During the year, donations amounting to Rs. 27,130/- (2020/21 - Rs. 67,766/-) were made by the Company.

During the year, the donation was paid to Government approved Charities by the Company.

AUDITORS

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

M/s KPMG, Chartered Accountants are deemed re-appointed as Auditors for the year 2022/23 in terms of Section 158 of the Companies Act No. 7 of 2007.

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

The audit related fees paid to the Auditors by the Company are disclosed in Note 9 on page 151 in this Annual Report.

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

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

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

NOTICE OF MEETING

The Annual General Meeting will be held on online meeting platform on Wednesday, 29 June 2022 at 11.30 a.m.

The Notice of the Annual General Meeting of the Shareholders is on page 187.

For and on behalf of the Board,

(Sgd.)

A.M. Pandithage
Chairman

(Sgd.)

M.H. Wijewardene
Managing Director

(Sgd.)

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

Colombo
13 May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible under Sections 150 (1), 151, 152 (1) & 153 of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein to prepare Financial Statements for the twelve months financial period ended 31 March 2022 giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit & loss of the Company and the Group for the financial year.

The 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.

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 106 to 107.

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

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

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented for the year ended 31 March 2022. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs), Companies Act No. 07 of 2007 and amendments thereto, Sri Lanka Accounting

and Auditing Standards Act No. 15 of 1995, Statement of Recommended Practice (SoRP), Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka and the listing rules of the Colombo Stock Exchange.

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

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

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 have expressed desire to receive a hard copy within the stipulated period of time as required by the Rule No. 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the CSE.

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.

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITY

been signed by two Directors of the company on page 131 as required by the Sections 150 (1) (c) of the Companies Act No. 07 of 2007 and other regulatory requirements.

The external Auditors, Messrs KPMG, Chartered Accountants who will be reappointed as the Auditors of the Company at the Annual General Meeting were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on page 126 sets out their responsibilities in relation to the Financial Statements.

The Board has recommended that Messrs KPMG, Chartered Accountants be reappointed as Auditors for the year 2022/23.

COMPLIANCE REPORT

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

By order of the Board

(Sgd.)

HAYLEYS GROUP SERVICES (PRIVATE) LIMITED

Secretaries

Colombo
13 May 2022

MANAGING DIRECTOR'S/CEO AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of Singer Industries (Ceylon) PLC (the Company) as at 31 March 2022 are prepared and presented in conformity with the requirements of the following:

- Sri Lanka Accounting Standards Issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Companies Act No. 07 of 2007
- Statement of Recommended Practice (SoRP)
- 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

The formats used in the preparation of the Financial Statements and disclosures made comply with the specified formats prescribed in the SORP. The company presents the financial results to its shareholders on a quarterly basis.

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 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 also confirm that the company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements.

We are responsible for establishing, implementing and maintaining internal controls and procedures within the Company. We ensure that effective internal controls and procedures are in place, ensuring material information relating to the entity are made known to us for safeguarding assets, preventing and detecting fraud and/or error as well as other irregularities, which is reviewed, evaluated and updated on an on-going basis. We have evaluated the internal controls and procedures of the entity for the financial period under review and are satisfied that there were no significant deficiencies and weaknesses in the design or operation of the internal controls and procedures, to the best of our knowledge.

We confirm, based on our evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and fraud that involves management or other employees. The Group's Internal Audit

Department also conducts periodic reviews to ensure that the internal controls and procedures are consistently followed.

The Financial Statements of the company were audited by Messrs KPMG, Chartered Accountants and their report is given on pages 126 to 129. 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. The Audit Committee, inter alia, reviewed all the internal and external audit and inspection programmes, the efficiency of internal control systems and procedures and also reviewed the quality of significant accounting policies and their adherence to statutory and regulatory requirements.

The continuous inspection and audit functions, engagement of firms of Chartered Accountants and effective functioning of the Audit Committee, ensure that the internal controls and procedures are followed consistently. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal control and accounting.

It is also declared and confirmed that the entity have complied with and ensured compliance with the guidelines for the audit of listed companies where mandatory compliance is required. We confirm that to the best of our knowledge.

- The company has complied with all applicable laws and regulations and guidelines and there is no material litigation against the company other than those disclosed in Note 3 on pages 136 to 146 of the Financial Statements.
- All taxes, duties, levies and all statutory payments by the company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the company as at 31 March 2022 have been paid, or where relevant provided for.

(Sgd.)

Mahesh Wijewardene

Managing Director / Chief Executive Officer

(Sgd.)

Vinod Gamage

Manager - Financial Reporting

Colombo
13 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 SINGER INDUSTRIES (CEYLON) PLC

Report on the Audit of Financial Statements

OPINION

We have audited the Financial Statements of Singer Industries (Ceylon) PLC ("the Company"), which comprise the Statements 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 Flow for the year then ended, and notes to the Financial Statements including a summary of significant accounting policies and other explanatory notes set out on pages from 134 to 181.

In our opinion, the Financial Statements of the Company give a true and fair view of the Financial Position of the Company 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.

KEY AUDIT MATTERS

Carrying value of inventory

Refer to Note 3.10 for accounting policy and Note 15 to these Financial Statements.

Risk Description

As at 31 March 2022, the Company has recognized a total inventory provision of Rs.19,299,417/- in relation to the total gross inventory value at Rs. 323,863,819/-.

Carrying value of inventories is identified as a Key Audit matter because establishing a provision for slow-moving, obsolete and damaged inventory and valuation of inventories involve significant judgments and assumptions exercised by the management.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Our responses

Our audit procedures included:

- Obtaining an understanding of an assessing the design, implementation and operating effectiveness of management's key internal controls over the supply chain and testing selected key controls over recognition and measurement of inventory and inventory provisioning.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by

P. Y. S. Perera FCA
W. J. C. Perera FCA
W. K. D. C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

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

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

guarantee.

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA,
W. A. A. Weerasekara CFA, ACMA, MRICS



- On sample basis, testing the net realizable value by comparing the actual cost with relevant market data.
- 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.
- Gaining an understanding of the movements in the inventory for the year and assess the adequacy of the provision for nonmoving and slow-moving inventory.
- Assessing whether the Company's accounting policies had been consistently applied.

Valuation of Land and Buildings

Refer to Note 3.2 & 3.3 for accounting policy and Note 12 & 13 to these financial statements

Risk Description

As at 31 March 2022, Land and Building carried at fair value, classified as Property, Plant and Equipment and Investment Properties amounted to Rs 1,273,888,000/- and Rs 383,000,000/- respectively.

Management's assessment of fair value of these Land and Building was determined on valuations performed by a qualified independent property valuer in accordance with recognized industry standards.

Estimating the fair value is a complex process which involves a significant degree of judgment and estimates in respect of perch price of the land, value per square feet, diversity of locations and nature of the properties.

We identified assessing the fair value of Land and Building as a key audit matter due to the complexity of the valuation method, subjectivity of the significant judgments and estimations involved.

Our responses

- Assessing the objectivity, independence, competence and qualifications of the external valuer.
- Obtaining and inspecting the valuation reports prepared by independent valuer engaged by the Company.
- Assessing the reasonableness of the data and appropriateness of the key assumptions used against externally published market comparable or industry data where available.
- Assessing the adequacy of the disclosures in the financial statements.



OTHER INFORMATION

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast



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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
13 May 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March,		2022	2021
	Note	Rs.	Rs.
Revenue	6	943,685,966	629,615,889
Cost of sales		(898,357,486)	(671,469,341)
Gross profit/ (loss)		45,328,480	(41,853,452)
Other income	7	22,262,973	20,443,899
Change in fair value of investment property	13	60,055,000	14,945,000
Administrative expenses		(17,563,969)	(12,385,683)
Distribution costs	9.2	(1,001,563)	(936,028)
Operating profit/(loss)		109,080,921	(19,786,264)
Finance income	8.1	13,315,541	17,761,579
Finance cost	8.2	(19,452,425)	(8,705,020)
Net finance (cost)/ income	8	(6,136,884)	9,056,559
Share of profit of equity accounted investee (net of income tax)	14.2.1	5,906,189	8,771,919
Profit/(loss) before taxation	9	108,850,226	(1,957,786)
Income tax expense	10	(16,143,531)	(4,961,999)
Profit/(loss) for the year		92,706,695	(6,919,785)
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Revaluation of Property, Plant and Equipment	24.1.1	179,643,712	-
Remeasurement (loss)/gain of defined benefit liability	26	(15,176,013)	3,674,528
Related tax	10.3	(29,604,186)	(661,415)
Deferred tax reversal on land and building (rate changed to 18%)	10.3	-	108,041,803
Other comprehensive income for the year		134,863,513	111,054,916
Total comprehensive income for the year		227,570,208	104,135,131
Basic earnings/(loss) per share	11.1	4.64	(0.35)

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31 March,		2022	2021
	Note	Rs.	Rs.
Assets			
Non-current assets			
Property, plant and equipment	12	1,284,620,744	1,112,733,010
Investment property	13	383,000,000	322,945,000
Investment in equity accounted investee	14	81,564,693	75,658,504
Total non-current assets		1,749,185,437	1,511,336,514
Current assets			
Inventories	15	304,564,402	147,886,027
Amount due from related companies	16	131,598,569	117,090,135
Other receivables	18	1,406,116	2,058,551
Prepayments	19	2,722,020	1,089,363
Income tax recoverable	20	12,135,819	12,134,788
Investments in fixed deposits	21	148,877,679	177,966,419
Cash and cash equivalents	22	4,181,574	6,640,862
Total current assets		605,486,179	464,866,145
Total assets		2,354,671,616	1,976,202,659
Equity and liabilities			
Equity			
Stated capital	23	100,003,800	100,003,800
Capital reserves	24.1	949,756,126	807,088,999
Revenue reserves	24.1	623,268,114	538,365,033
Total equity		1,673,028,040	1,445,457,832
Liabilities			
Non-current liabilities			
Deferred tax liability	25	224,704,935	187,202,717
Retirement benefit obligation	26	67,394,334	55,003,505
Total non-current liabilities		292,099,269	242,206,222
Current liabilities			
Trade and other payables	27	136,005,778	125,904,978
Amounts due to related companies	17	34,458,899	2,814,214
Provisions	28	9,559,144	13,898,133
Income tax payable	20.1	13,308,569	5,062,039
Dividend payable	29	2,173,701	2,191,420
Interest – bearing short term borrowings	30.1	35,000,000	96,000,000
Related party loan payable	30.1	110,000,000	–
Bank overdrafts	22.2	49,038,216	42,667,821
Total current liabilities		389,544,307	288,538,605
Total liabilities		681,643,576	530,744,827
Total equity and liabilities		2,354,671,616	1,976,202,659

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements.
I certify that the Financial Statements of the Company comply with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)

G.V. Madushanka
Chief Financial Officer

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

(Sgd.)

A.M. Pandithage
Director

13 May 2022
Colombo

(Sgd.)

M.H. Wijewardene
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March,	Attributable to owners of the Company					
	Stated Capital	Capital Reserve	Revenue Reserve	Total Equity		
		Revaluation Reserve	General Reserve	Retained Earnings		
	Note	Rs.	Rs.	Rs.	Rs.	
Balance as at 1 April 2020		100,003,800	703,455,447	61,484,250	485,579,554	1,350,523,051
Total comprehensive income for the year						
loss for the year		–	–	–	(6,919,785)	(6,919,785)
Other comprehensive income						
Remeasurement of defined benefit liability	26	–	–	–	3,674,528	3,674,528
Related tax	10.3	–	–	–	(661,415)	(661,415)
Deferred tax reversal on land and building	10.3	–	108,041,803	–	–	108,041,803
Total other comprehensive income		–	108,041,803	–	3,013,113	111,054,916
Total comprehensive income for the year		–	108,041,803	–	(3,906,672)	104,135,131
Transaction with the owners of the Company recognised directly in the equity						
Dividend of Rs. 0.92 per share for 2019 and 2020		–	–	–	(9,200,350)	(9,200,350)
Total transactions with the owners of the Company		–	–	–	(9,200,350)	(9,200,350)
Realisation of revaluation surplus			(4,408,251)		4,408,251	–
Balance as at 31 March 2021		100,003,800	807,088,999	61,484,250	476,880,783	1,445,457,832
Balance as at 1 April 2021		100,003,800	807,088,999	61,484,250	476,880,783	1,445,457,832
Total comprehensive income for the year						
Profit for the year		–	–	–	92,706,695	92,706,695
Other comprehensive income						
Remeasurement of defined benefit liability	26	–	–	–	(15,176,013)	(15,176,013)
Surplus on revaluation	10.3	–	179,643,712	–	–	179,643,712
Related tax	10.3	–	(32,335,868)	–	2,731,682	(29,604,186)
Total other comprehensive income		–	147,307,844	–	(12,444,331)	134,863,513
Total comprehensive income for the year		–	147,307,844	–	80,262,364	227,570,208
Transaction with the owners of the Company recognised directly in the equity						
Dividend		–	–	–	–	–
Total transactions with the owners of the Company		–	–	–	–	–
Realisation of revaluation surplus			(4,640,717)		4,640,717	–
Balance as at 31 March 2022		100,003,800	949,756,126	61,484,250	561,783,864	1,673,028,040

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOW

For the year ended 31 March,

		2022	2021
	Note	Rs.	Rs.
Cash flows from operating activities			
Profit/(loss) before income tax expense		108,850,226	(1,957,786)
Adjustments for:			
Share of profit of equity accounted investee	14.2	(5,906,189)	(8,771,919)
Depreciation on property, plant and equipment	12.2	8,973,769	8,683,723
Change in fair value of investment property	13	(60,055,000)	(14,945,000)
Gain from disposal of property, plant and equipment	7.9	–	(20,935)
Finance income	8.1	(13,315,541)	(17,761,579)
Finance cost	8.2	19,452,425	8,705,020
Provision for bonus	28	20,392,514	17,845,819
Provision for warranty	28	296,423	315,713
Provision for retiring gratuity	26.1	6,419,312	7,652,034
Impact to employee benefit obligation due to staff transfers	25	–	5,627,171
Provision of impairment on inventories	15.1	7,988,646	381,132
Operating profit/(loss) before working capital changes		93,096,585	5,753,393
(Increase)/decrease in inventories		(164,667,021)	6,058,423
Decrease in other receivables		652,435	486,118
(Increase)/decrease in amount due from related companies		(14,508,434)	(63,964,140)
(Increase)/decrease in pre-payments		(1,632,657)	2,220,990
Increase/ (decrease) in trade and other payables		10,100,800	34,699,892
Decrease in amount due to related companies		31,644,685	(1,304,174)
Cash used in from operating activities		(45,313,607)	(16,049,498)
Interest paid		(21,398,138)	(8,705,020)
Retiring gratuity paid	26	(6,566,905)	(12,692,259)
Bonus paid	28	(24,777,406)	(4,277,269)
Amount incurred on warranty claims	28	(250,520)	(283,663)
Net cash flow used in from operating activities		(98,306,576)	(42,007,709)
Cash flows from investing activities			
Acquisition of property, plant and equipment	12.1	(1,217,791)	(1,662,268)
Proceed from disposal of property, plant and equipment		–	40,701
Withdrawal of Bank Deposits		41,703,265	–
Interest received		9,140	381,609
Net cash flows generated/(used in) investing activities		40,494,614	(1,239,958)
Cash flows from financing activities			
Dividend paid		(17,719)	(9,043,812)
Proceeds from interest-bearing short term borrowings	30	676,542,560	369,019,000
Repayment of interest-bearing short term borrowings	30	(627,542,560)	(343,019,000)
Net cash flows generated from financing activities		48,982,279	16,956,188
Net changes in cash and cash equivalents		(8,829,683)	(26,291,479)
Cash and cash equivalents at beginning of the year		(36,026,959)	(9,735,480)
Cash and cash equivalents at the end of the year	22	(44,856,642)	(36,026,959)

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting Entity

Singer Industries (Ceylon) PLC ('Company') is a limited liability Company incorporated and domiciled in Sri Lanka.

The registered office of the Company is located at No. 2, 5th Lane, Ratmalana and the principal place of business is situated at the same place.

1.2 Principal Activities and Nature of Operations

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

1.3 Parent Enterprise and Ultimate Parent Enterprise

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

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

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

1.4 Number of Employees

The number of employees at the end of the period was 72 (2021 – 77).

1.5 Responsibilities for Financial Statements and approval of Financial Statements

The Financial Statements of Singer Industries (Ceylon) PLC, for the period ended 31 March 2022, were approved by the Board of Directors at the Board meeting held on 13 May 2022.

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

2. BASIS OF ACCOUNTING

2.1 Statement of Compliance

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

2.2 Functional and Presentation Currency

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

2.3 Basis of Measurement

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

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

Where appropriate, the specific policies are explained in the succeeding notes.

2.4 Use of Estimates and Judgments

In preparing these Financial Statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these

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

A. Judgements

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

Note 14 – Equity-accounted investees: whether the Company has significant influence over an investee.

B. Assumptions and estimation uncertainties

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

Note 12 Property, plant and equipment

Note 13 Investment property

Note 15 Provision for inventories

Note 26 Measurement of defined benefit obligations: key actuarial assumptions

Note 28 Provisions

Note 32 Contingencies

2.5 Measurement of Fair Values

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

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

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different

levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 12, Note 13 and Note 26.

2.6. Going Concern

The Directors have made an assessment of the Company'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 Company's businesses recorded a strong growth in profitability compared to previous year owing the positive consumer sentiment and the effectiveness of business strategies adopted by the management.

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 macroeconomic conditions and its impact on the Company and the appropriateness of the use of the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

The Company 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.

Accordingly, the Company is expected to encounter numerous challenges in the form of subdued consumer demand and greater credit risk due to the potential loss of income of the customer base.

Towards, mitigating this risk, the Company 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, the Company is confident that we are well placed. The Company envisages no impact on the Company 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 Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.7. Comparative Information

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

2.8. Materiality and Aggregation

Each material class of similar items is presented separately in these Financial Statements. Items of a

dissimilar nature or function are presented separately unless they are immaterial.

2.9. Offsetting

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Foreign Currency

Foreign currency transactions

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

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

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

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

3.2 Property, Plant and Equipment

(a) Recognition and Measurement

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

If significant part of an item of property, plant and equipment have different useful lives, then they are

accounted for as separate items (major components) of property, plant and equipment.

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

Cost model

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

Revaluation Model

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

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

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

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

(b) Subsequent Costs

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

(c) Depreciation

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

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

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

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

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

3.3 Investment Property

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

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

3.4 Interest in Equity Accounted Investees

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

3.5 Financial Instruments

(a) Financial Assets

I. Recognition and initial measurement

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

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

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

II. Classification and subsequent measurement of financial assets

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

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in

which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

III. Financial assets – Business model assessment

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

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

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

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

IV. Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest.

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

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

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

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

NOTES TO THE FINANCIAL STATEMENTS

V. Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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

VI. Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which

substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

(b) Financial liabilities

I. Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held – for – trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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

II. Derecognition

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

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

III. Offsetting

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

3.6 Impairment of Assets

(a) Financial Assets

The Company recognises loss allowances for ECLs on:

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

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

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

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

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

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

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

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

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

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

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

I. Measurement of ECLs

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

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

II. Credit-impaired financial assets

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

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

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

III. Presentation of allowance for ECL in the Statement of Financial Position

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

NOTES TO THE FINANCIAL STATEMENTS

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

IV. Write-off

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

(b) Non-Financial Assets

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

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

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

In respect of other assets impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization if no impairment loss had been recognized.

3.7. Cash and cash equivalents

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

3.8 Stated Capital

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

3.9 Provisions

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

Warranties

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

3.10 Inventories

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

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

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

3.11 Employee Benefits

(a) Defined Benefit Plans

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

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

expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

The liability is not externally funded.

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

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

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

(c) Short-Term Benefits

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

3.12 Revenue Recognition

Performance obligations and revenue recognition policies

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

Disaggregation of revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company's contracts with customers are similar in nature and revenue from these contracts are not significantly affected by economic factors apart from exports sales. The Company believes objective of this requirement will be met by using one type of category – Product type. (Refer Note 6.B)

3.13 Finance Income and Finance cost

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

3.14 Dividend Income

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

3.15 Rental Income

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

3.16 Others

Gain and losses of a revenue nature on the disposal of property plant and equipment and other noncurrent assets including investment are recognized by comparing the net sale proceeds with the carrying

amount of the corresponding assets and are recognized net within other income in Statement of Profit or Loss.

3.17 Expenditure Recognition

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

3.18 Income Tax

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

The Company 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.

(a) Current Tax

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

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

(b) Deferred Income Tax

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

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

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

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

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

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

3.19 Earnings per Share (EPS)

The Company presents basic 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.

3.20 Leases

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

3.20.1 Company as a lessee

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

3.20.1.1 Right-of-use assets

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

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

3.20.1.2 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

NOTES TO THE FINANCIAL STATEMENTS

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

3.20.1.3 Short-term leases and leases of low – value assets

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

3.20.1.4 Company as a lessor

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

recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4. GENERAL

4.1. Events Occurring After the Reporting Date

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.

4.2. Statement of Cash Flows

The Statement of Cash Flows has been prepared using the “indirect method”.

Interest paid is classified as financing cash flow. Purchase and construction of property, plant & equipment are classified as investing cash flows. Interest income are classified as cash flows from investing activities.

Dividends paid are classified as financing cash flows.

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

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

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SLFRS 16).
- Annual Improvements to SLFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16).
- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1).c
- Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to LAKS 8).
- Onerous Contracts - Cost of fulfilling a contract (Amendments to LKAS 37).
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to LKAS 12).

6. REVENUE

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

A. Revenue streams

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

For the year ended 31 March,	2022	2021
	Rs.	Rs.
Sale of goods (net of taxes)	943,685,966	629,615,889
	943,685,966	629,615,889

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

B. Disaggregation of revenue from contracts with customers

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

For the year ended 31 March,	2022	2021
	Rs.	Rs.
Major products		
1. Sewing machines	635,496,669	449,646,676
2. Washing machines tubs	175,901,608	106,984,285
3. Other components	132,287,689	72,984,928
	943,685,966	629,615,889

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

C. Contract balances

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

As at 31 March,	2022	2021
	Rs.	Rs.
Receivables, which are included in amount due from related companies –		
Singer (Sri Lanka) PLC, Regnis (Lanka) PLC and Regnis Appliance (Pvt) Ltd	131,598,569	117,090,135
	131,598,569	117,090,135

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

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

NOTES TO THE FINANCIAL STATEMENTS

6.1 Operating segments

6.1.1 Segmental information

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

The following summary describes the operations in each reportable segments,

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

6.1.2 Information about reportable segments

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

	SEWING MACHINES		WASHING MACHINES TUB ASSEMBLY		OTHER COMPONENTS		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
For the year ended 31 March,								
Reportable segment revenue	635,496,669	449,646,676	175,901,608	106,984,285	132,287,689	72,984,928	943,685,966	629,615,889
Reportable segment results from operating activities	73,457,235	(14,130,564)	20,332,515	(3,362,080)	15,291,171	(2,293,620)	109,080,921	(19,786,264)
Net finance income/(cost)	(4,132,698)	6,467,835	(1,143,906)	1,538,890	(860,280)	1,049,834	(6,136,884)	9,056,559
Income tax expense	(10,871,371)	(3,543,662)	(3,009,129)	(843,142)	(2,263,031)	(575,195)	(16,143,531)	(4,961,999)
Reportable segment profit after tax (Note 6.1.3)	58,453,166	(11,206,391)	16,179,480	(2,666,332)	12,167,860	(1,818,981)	86,800,506	(15,691,704)
Property, plant and equipment	-	-	-	-	-	-	1,284,620,744	1,112,733,010
Other segment assets	717,777,325	611,913,108	198,676,393	145,592,284	149,415,580	99,323,395	1,065,869,298	856,828,787
Reportable segment assets	717,777,325	611,913,108	198,676,393	145,592,284	149,415,580	99,323,395	2,350,490,04	1,969,561,797
Cash and cash equivalents	-	-	-	-	-	-	4,181,574	6,640,862
	-	-	-	-	-	-	2,354,671,616	1,976,202,659
Capital expenditure	1,217,791	1,662,268	-	-	-	-	1,217,791	1,662,268
Depreciation and amortization	8,973,769	8,683,723	-	-	-	-	8,973,769	8,683,723
Reportable segment liabilities								
Bank overdraft	-	-	-	-	-	-	49,038,216	42,667,821
Interest – bearing short term borrowings	-	-	-	-	-	-	145,000,000	96,000,000
Trade and other payable	-	-	-	-	-	-	149,314,347	130,967,017
Provisions	-	-	-	-	-	-	9,559,144	13,898,133
Amount due to related companies	-	-	-	-	-	-	34,458,899	2,814,214
Dividend payable	-	-	-	-	-	-	2,173,701	2,191,420
	-	-	-	-	-	-	389,544,307	288,538,605

NOTES TO THE FINANCIAL STATEMENTS

6.1.3 Reconciliation of Segment Profit After Tax

For the year ended 31 March,	2022	2021
	Rs.	Rs.
Reportable segment profit after tax	86,800,506	(15,691,704)
Share of profit/(loss) of equity accounted investee	5,906,189	8,771,919
Profit/(loss) after taxation	92,706,695	(6,919,785)

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

7. OTHER INCOME

For the year ended 31 March,	2022	2021
	Rs.	Rs.
Rental income - from Singer (Sri Lanka) PLC	21,045,000	19,487,650
Gain on disposal of property, plant & equipment	-	20,935
Other related parties	1,217,973	935,314
	22,262,973	20,443,899

8. NET FINANCE INCOME

For the year ended 31 March,	2022	2021
	Rs.	Rs.
8.1 Finance income		
Interest income from fixed deposits – related companies	12,614,524	17,379,970
Other interest income – related companies	691,880	364,584
Interest income – miscellaneous	9,137	17,025
	13,315,541	17,761,579
8.2 Finance cost		
Interest expense on bank overdraft	(3,069,078)	(2,456,805)
Interest expense on short term borrowings	(8,478,682)	(6,248,215)
Interest expense – related companies	(7,904,665)	-
	(19,452,425)	(8,705,020)
Net finance (cost)/ income	(6,136,884)	9,056,559

NOTES TO THE FINANCIAL STATEMENTS

10. INCOME TAX EXPENSE

For the year ended 31 March,	2022	2021
	Rs.	Rs.
Current tax expense		
Current year (Note 10.1)	8,246,530	7,233,790
(Over)/ under provision in respect of previous year	(1,031)	1,031
	8,245,499	7,234,821
Deferred tax expense		
Reversal and origination of temporary differences	7,898,032	(2,272,822)
Income tax expense in Statement of Profit or Loss	16,143,531	4,961,999

10.1 Reconciliation between accounting profit and taxable profit

Profit/(loss) before tax	108,850,226	(1,957,786)
Share of profit of equity accounted investee	(5,906,189)	(8,771,919)
Change in fair value of investment property	(60,055,000)	(14,945,000)
Non-business income – interest income	(13,315,541)	(17,761,579)
Non-business income – other income	(21,045,000)	(20,443,899)
Aggregate disallowed items	42,012,400	34,986,889
Aggregate allowable expenses	(35,446,816)	(21,824,582)
Tax loss claimed during the year	(15,094,080)	-
Taxable loss from business activities	-	(50,717,876)
Non-business income – interest income	13,315,541	17,761,579
Non-business income – rental income	21,045,000	20,443,899
Tax loss utilised during the year	-	(8,064,685)
Taxable income	34,360,541	30,140,793

For the year ended 31 March,	2022	2021
	Rs.	Rs.
Statutory tax rate %	24%	24%
Taxation on investment income	8,246,530	7,233,790
	8,246,530	7,233,790

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

10.2 Accumulated tax losses

For the year ended 31 March	2022	2021
	Rs.	Rs.
Tax losses brought forward	50,717,876	16,015,290
Adjustment based income tax return	(1,406,247)	(7,950,605)
Loss incurred during the year	–	50,717,876
Tax loss utilised during the year	(15,094,080)	(8,064,685)
Tax loss carried forward	34,217,549	50,717,876

10.3 Tax recognised in other comprehensive income

For the year ended 31 March,	2022			2021		
	Rs.			Rs.		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Surplus on revaluation reserves	179,643,712	(32,335,868)	147,307,844	–	–	–
Deferred tax reversal on land and building (rate changed to 18%)	–	–	–	–	108,041,803	108,041,803
Defined benefits plan actuarial (loss)/ gain	(15,176,013)	2,731,682	(12,444,331)	3,674,528	(661,415)	3,013,113
	164,467,699	(29,604,186)	134,863,513	3,674,528	107,380,388	111,054,916

10.4 Applicable Tax Rates

For the period ended 31 March 2022, Singer Industries (Ceylon) PLC is liable to income tax at 18% (2020/21 – 18%) in terms of Inland Revenue Act No 24 of 2017 and amendments thereto. However, profit from investment income has been taxed at 24%.

NOTES TO THE FINANCIAL STATEMENTS

11 EARNINGS PER SHARE

11.1 Basic earnings per share

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

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

For the year ended 31 March,	2022	2021
	Rs.	Rs.
Profit/ (loss) for the year (Rs.)	92,706,695	(6,919,785)
Weighted average number of ordinary shares	20,000,760	20,000,760
Earnings/ (loss) per share (Rs.)	4.64	(0.35)

11.2 Diluted earnings per share

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

For the year ended 31 March,	2022	2021
	Rs.	Rs.
Profit/ (loss) (Loss)/profit for the year (Rs.)	92,706,695	(6,919,785)
Weighted average number of ordinary shares	20,000,760	20,000,760
Earnings/ (loss) per share (Rs.)	4.64	(0.35)

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

12 PROPERTY, PLANT AND EQUIPMENT**12.1 Gross carrying amounts**

	At cost					At valuation		Total
	Machinery and equipment	Motor vehicles	Computers and other equipment	Furniture and fixtures	Freehold land	Buildings on freehold land		
Balance as at 1 April 2020	75,592,777	2,958,890	7,757,222	5,435,877	952,100,000	162,900,000	1,206,744,766	
Additions/transfers	928,475	-	705,648	28,145	-	-	1,662,268	
Disposals	-	-	(159,158)	-	-	-	(159,158)	
Balance as at 31 March 2021	76,521,252	2,958,890	8,303,712	5,464,022	952,100,000	162,900,000	1,208,247,876	
Additions/transfers	17,000	-	1,200,791	-	-	-	1,217,791	
Depreciation adjustment on revaluation	-	-	-	-	-	(20,755,712)	(20,755,712)	
Surplus on revaluation	-	-	-	-	128,438,000	51,205,712	179,643,712	
Balance as at 31 March 2022	76,538,252	2,958,890	9,504,503	5,464,022	1,080,538,000	193,350,000	1,368,353,667	

12.2 Accumulated depreciation and impairment losses

Balance as at 1 April 2020	65,263,898	2,958,890	6,449,536	5,379,640	-	6,918,571	86,970,535
Charge for the year	1,375,748	-	377,055	12,349	-	6,918,571	8,683,723
Reversed on disposal	-	-	(139,392)	-	-	-	(139,392)
Balance as at 31 March 2021	66,639,646	2,958,890	6,687,199	5,391,989	-	13,837,142	95,514,866
Charge for the year	1,423,392	-	617,907	13,900	-	6,918,570	8,973,769
Depreciation adjustment on revaluation	-	-	-	-	-	(20,755,712)	(20,755,712)
Balance as at 31 March 2022	68,063,038	2,958,890	7,305,106	5,405,889	-	-	83,732,923
Carrying amount							
As at 31 March 2022	8,475,214	-	2,199,397	58,133	1,080,538,000	193,350,000	1,284,620,744
As at 31 March 2021	9,881,606	-	1,616,513	72,033	952,100,000	149,062,858	1,112,733,010

Property, plant and equipment includes fully-depreciated assets of Rs.77,201,568 as at 31.03.2022 (Rs.76,401,391 for the year ended 31.03.2021).

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

NOTES TO THE FINANCIAL STATEMENTS

12.3 Information on the freehold land and building of the Company

Location	Valuation of land	Valuation of building	Extent (perches)	Floor area (sq.ft.)	Number of buildings	Accommodation
No 2, 5th Lane, Ratmalana	1,080,538,000	193,350,000	360.18	75,365	8	Factory

Building carried at revalued amount

Location	No of sqft	Depreciated Value per sqft	Revalued amount
Building 01	14,450	3,000	43,350,000
Building 02	8,800	2,000	17,600,000
Building 03	6,600	2,000	13,200,000
Building 04	26,600	3,000	79,800,000
Building 05	4,000	2,000	8,000,000
Building 06	1,890	1,500	2,835,000
Building 07	8,000	2,000	16,000,000
Building 08	5,025	2,500	12,565,000
Total amount			193,350,000

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

Class of asset	Cost	Depreciation if assets were carried at cost	Net carrying amount 2022	Net carrying amount 2021
	Rs.	Rs.	Rs.	Rs.
Land	340,583	-	340,583	340,583
Buildings	19,999,990	1,188,607	18,811,383	19,999,990
	20,340,573	1,188,607	19,151,966	20,340,573

12.5 During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs.1,217,791 / - (2021 - Rs. 1,662,268/ -). Cash payment amounting to Rs.1,217,791 / - (2021 - Rs.1,662,268/ -) was made during the year for purchase of property, plant and equipment.

12.6 Land and building at fair value**(a) Reconciliation of carrying amount**

As at 31 March,	2022	2021
	Rs.	Rs.
Balance at the beginning	1,101,162,858	1,108,081,429
Adjustment on revaluation	179,643,712	-
Depreciation charge	(6,918,570)	(6,918,571)
Balance at the end	1,273,888,000	1,101,162,858

(b) Measurement of fair value**Fair value hierarchy**

The freehold land and building were valued by Messrs P. B. Kalugalagedara, Chartered Valuation Surveyor (UK). FIV (Sri Lanka), MSIZ (Zambia), IRRV (UK), FRICS (UK), Corporate and Registered Valuer (Sri Lanka). The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31 March 2022.

(c) Valuation techniques and significant unobservable inputs

The fair value measurement for freehold land and building of Rs. 1,273,888,000 has been categorised as a Level 3 fair values based on the inputs to the valuation obtained for the purpose of revaluing the related land and buildings.

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

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Land value is based on the market price of the respective land.	Market value of land (Rs. 3 million price per perch). Valuer has used a range of prices for respective lands based on their recently transacted cost.	Market value per perch would increase/(decrease) if market value per perch was higher/lower.
Contractor's method: The contractor's method works on the basis that a property's value can be equated to its cost. Valuer assess the cost of the building of it would have constructed in current period, and deduct margin for usage of the property based on their period of construction.	Construction cost per square feet of a building. Depreciation rate is 2% per annum but this can vary according to the type of building and the rate is adjusted for periodic improvements as well as the rising cost of construction of buildings. (Note 12.3)	Cost per square feet would increase/ (decrease) or/and depreciation rate for usage lower/(higher).

NOTES TO THE FINANCIAL STATEMENTS

13 INVESTMENT PROPERTY

As at 31 March,	2022	2021
	Rs.	Rs.
Balance at the beginning of the year	322,945,000	308,000,000
Change in fair value during the year	60,055,000	14,945,000
Balance at the end of the year	383,000,000	322,945,000

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

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

13.1 Information on the investment property

Land and building value

Location	Valuation of land	Valuation of building	Floor area (sq.ft.)	Accommodation
No 435, Galle Road, Ratmalana	302,520,000	80,480,000	12,440	Singer (Sri Lanka) PLC

Land value

Location	Last revalued date	Extent	Value per perch (Rs.)	Fair value as at 31 March 2022
No 435, Galle Road, Ratmalana	31.03.2022	50.42	6,000,000	302,520,000

Building value

Location	No of sqft	Value per sqft	Revalued amount	Total amount taken to books
No 435, Galle Road Ratmalana	12,440	6,500	80,860,000	80,480,000
Total amount taken to books				80,480,000

Rental income recognized is disclosed under other income.

Measurement of fair value

(I). Fair value hierarchy

The fair value of the investment properties are valued by Messrs P B Kalugalagedara, Chartered Valuation Surveyor (UK). FIV (Sri Lanka), MSIZ (Zambia), IRRV (UK), FRICS (UK), Corporate and Registered Valuer (Sri Lanka). The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31 March 2022.

(II). Valuation technique and significant unobservable inputs

The fair value measurement of the investment property of Rs.383,000,000 has been categorised as Level 3 fair value based on the inputs to the valuation techniques used. The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Land value is based on the market price of the respective land.	Market value of land (Rs. 6 million price per perch). Valuer has used a range of prices for respective lands based on their recently transacted cost.	Market value per perch would increase/(decrease) if market value per perch was higher/lower.
Contractor's Method: The contractor's method works on the basis that a property's value can be equated to its cost. Valuer assess the cost of the building of it would have constructed in current year, and deduct margin for usage of the property based on their year of construction.	Construction cost per square feet of a building. Depreciation rate for the usage of assets.	Cost per square feet would increase/(decrease) or/and depreciation rate for usage lower/(higher).

14 EQUITY ACCOUNTED INVESTEE

14.1 Investment in associate (Non quoted)

	Holding 31.03.2022	Holding 31.03.2021	Carrying value 31.03.2022	Share of profit net of dividends received for twelve months	Carrying value 31.03.2021
	%	%	Rs.	Rs.	Rs.
Reality (Lanka) Limited	29.6	29.6	81,564,693	5,906,189	75,658,504
Total gross carrying amount of investment			81,564,693	5,906,189	75,658,504

14.2 Movements of investment in associate during the year

For the year ended 31 March,	2022	2021
	Rs.	Rs.
Reality (Lanka) Limited		
Balance brought forward	21,658,504	12,886,585
Current year share of profit (Note 14.3)	5,906,189	8,771,919
Current year retained profit	27,564,693	21,658,504
Add: cost of equity accounted investee	54,000,000	54,000,000
Total carrying amount of investment	81,564,693	75,658,504

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March,		2022	2021
		Rs.	Rs.
14.2.1 Share of profit			
Revenue		6,797,250	6,349,200
Administrative expense		(1,277,779)	(986,837)
Change in fair value of investment property		20,766,500	29,531,500
Profit before taxation		26,285,971	34,893,863
Income tax expense		(6,332,632)	5,259,001
Profit for the year		19,953,339	29,634,862
Share of profit before income tax @ 29.6%		7,780,648	10,328,583
Profit adjustment to prior year		–	1,213,415
Income tax expense		(1,874,459)	(2,770,079)
Share of profit net of income tax @ 29.6%		5,906,189	8,771,919

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

For the year ended 31 March,		Ownership	2022
		%	Rs.
Profit from 1 April 2021 to 31 March 2022		29.6%	5,906,189
Share of profit			5,906,189

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

14.4 Summary of financial information of equity accounted investees

As at 31 March,		2022	2021
		Rs.	Rs.
Non-current assets		286,000,000	265,233,500
Current assets		17,681,148	12,896,323
Total assets		303,681,148	278,129,823
Total liabilities		28,124,755	22,526,774
Net assets		275,556,393	255,603,049
Share of investment		29.6%	29.6%
		81,564,693	75,658,504

14.5 Nature and business activities of the equity accounted investee

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

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

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

Shareholding of Reality (Lanka) Limited is as follows,

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

15 INVENTORIES

As at 31 March,	2022	2021
	Rs.	Rs.
Raw materials	211,048,018	77,158,074
Work in progress	36,142,655	25,059,320
Finished goods	24,225,302	12,288,073
Spare parts and consumables	8,901,755	8,021,832
Goods in transit	43,546,089	36,669,499
	323,863,819	159,196,798
Less : Impairment of inventories (Note 15.1)	(19,299,417)	(11,310,771)
	304,564,402	147,886,027

As at 31 March,	2022	2021
	Rs.	Rs.

15.1 Impairment of inventories

Balance as at the beginning of the year	11,310,771	10,929,639
Provision for the year	7,988,646	381,132
Balance as at the end of the year	19,299,417	11,310,771

16 AMOUNTS DUES FROM RELATED COMPANIES

As at 31 March,	Relationship	2022	2021
		Rs.	Rs.
Singer (Sri Lanka) PLC	Parent Company	88,891,927	98,475,745
Regnis (Lanka) PLC	Related Company	508,588	300,163
Regnis Appliance (Pvt) Ltd	Related Company	42,198,054	18,314,227
		131,598,569	117,090,135

NOTES TO THE FINANCIAL STATEMENTS

17 AMOUNTS DUES TO RELATED COMPANIES

As at 31 March,	Relationship	2022	2021
		Rs.	Rs.
Hayley's PLC	Ultimate parent Company	4,997,527	562,457
Singer (Sri Lanka) PLC	Parent Company	25,597,583	-
Advantis Freight (Pvt) Ltd	Related Company	1,315,993	2,251,757
Regnis (Lanka) PLC	Related Company	823,897	-
Hayleys Business Solution	Related Company	9,288	-
Regnis Appliance (Pvt) Ltd	Related Company	1,414,692	-
Uni Dil Packaging Ltd	Related Company	299,919	-
		34,458,899	2,814,214

18 OTHER RECEIVABLES

As at 31 March,	2022	2021
	Rs.	Rs.
Deposits and advances	1,406,116	2,058,551
	1,406,116	2,058,551

19 PREPAYMENTS

As at 31 March,	2022	2021
	Rs.	Rs.
Other prepayments	2,722,020	1,089,363
	2,722,020	1,089,363

20 INCOME TAX RECOVERABLE

As at 31 March,	2022	2021
	Rs.	Rs.
Balance at the beginning of the year	12,134,788	14,307,570
Set off against tax payable	-	(2,171,751)
Under/(over) provision adjustment	1,031	(1,031)
Balance at the end of the year	12,135,819	12,134,788

As at 31 March,		2022	2021
		Rs.	Rs.
20.1	Income tax payable		
	Balance at the beginning of the year	5,062,039	-
	Current tax expense for the year	8,246,530	7,233,790
	Set off against tax receivable	-	(2,171,751)
	Balance at the end of the year	13,308,569	5,062,039

21 INVESTMENT IN FIXED DEPOSITS

As at 31 March,		2022	2021
		Rs.	Rs.
	Singer Finance (Lanka) PLC	148,877,679	177,966,419
		148,877,679	177,966,419

Maturity : 27.04.2022

Rate : 8.36% p.a.

22 CASH AND CASH EQUIVALENTS

Components of cash and cash equivalents

As at 31 March,		2022	2021
		Rs.	Rs.
22.1	Favourable cash and cash equivalents balance		
	Cash in hand	175,750	175,750
	Cash at bank	4,005,824	6,465,112
		4,181,574	6,640,862
22.2	Unfavourable cash and cash equivalent balances		
	Bank overdraft (Note 22.2.1)	(49,038,216)	(42,667,821)
	Total cash and cash equivalents for the purpose of cash flow statement	(44,856,642)	(36,026,959)

22.2.1 Details of bank overdraft

As at 31 March,			2022	2021
Bank	Nominal interest rate	Total facility	Carrying amount	Carrying amount
	(%)	Rs.	Rs.	Rs.
Bank overdraft	Seylan Bank	25,000,000	(22,864,682)	(15,000,000)
	10.2% (Monthly AWPLR+1.25%)			
Bank overdraft	Commercial Bank	25,000,000	(26,173,534)	(27,667,821)
	9.99% (Market rate)			
Total bank overdraft		50,000,000	(49,038,216)	(42,667,821)

Above figures depict the book overdraft amount as carrying amount.

24.1.1 Revaluation reserve**On property, plant and equipment**

As at 31 March,	2022	2021
	Rs.	Rs.
Balance as at beginning of the year	807,088,999	703,455,447
Surplus on revaluation during the year	179,643,712	-
Deferred tax effect on revaluation surplus	(32,335,868)	-
Deferred tax reversal on land and building (rate changed to 18%)	-	108,041,803
Realisation of revaluation surplus	(4,640,717)	(4,408,251)
Balance as at the end of the year	949,756,126	807,088,999

The above revaluation surplus consists of net surplus resulting from the revaluation land and building as described in Note 12.6 to the financial statements.

24.1.2 General reserve

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

As at 31 March,	2022	2021
	Rs.	Rs.
The movement of general reserve is as follows:		
Balance at the beginning of the year	61,484,250	61,484,250
Balance at the end of the year	61,484,250	61,484,250

25 DEFERRED TAX LIABILITIES

As at 31 March,	2022	2021
	Rs.	Rs.
Balance at the beginning of the year	187,202,717	296,855,927
Recognized on other comprehensive income		
Deferred tax on retirement benefit obligation	(2,731,682)	661,415
Deferred tax on surplus on revaluation of land and building	32,335,868	-
Deferred tax reversal on land and building (rate changed to 18%)	-	(108,041,803)
Total amount recognized on other comprehensive income	29,604,186	(107,380,388)
Recognized on profit or loss	7,898,032	(2,272,822)
Balance at the end of the year	224,704,935	187,202,717

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

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,	2022	2021
	Rs.	Rs.
Deferred tax assets	23,484,680	23,567,452
Deferred tax liabilities	(248,189,615)	(210,770,169)
	(224,704,935)	(187,202,717)

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

As at 31 March,	2022		2021	
	Temporary differences	Tax effect	Temporary differences	Tax effect
Surplus on revaluation of land	1,080,197,417	194,435,536	951,759,417	171,316,695
Property, plant and equipment	196,967,116	35,454,080	150,883,189	27,158,974
Changes in fair value	183,000,000	18,300,000	122,945,000	12,294,500
Provision for retiring gratuity	(67,394,334)	(12,130,980)	(55,003,505)	(9,900,631)
Tax losses carried forward	(34,217,549)	(6,159,159)	(50,717,876)	(9,129,218)
Provision for bonus	(9,183,659)	(1,653,059)	(13,568,550)	(2,442,339)
Provision for warranties	(375,486)	(67,588)	(329,583)	(59,325)
Provision for inventories	(19,299,417)	(3,473,895)	(11,310,771)	(2,035,939)
Net deferred tax	1,329,694,088	224,704,935	1,094,657,321	187,202,717

- 25.1** As per the Inland Revenue Act No. 24 of 2017, business income includes gains from realization of capital assets and liabilities of a business. Accordingly, the gain from the realization of an asset or liability shall be the amount by which the sum of the consideration received for the asset or liability exceeds the acquiring cost of the asset or liability at the time of realization. The Company has recognized a revaluation reserve on freehold land (capital assets of the Company) amounting to Rs. 1,080,197,417 as at 31 March 2022 (2019- Rs. 951,759,417) which was the amount by which the sum of the carrying value of the freehold land exceeds the acquiring cost of the lands based in the revaluation carried out and accounted for as at the balance sheet date. Hence, the Company has recognized a deferred tax liability of Rs. 194,435,536 as at 31 March 2022 (2019- 266,492,637) on revaluation reserve of the freehold land which is computed at the corporate tax rate of 28%. With the change of the corporate tax rate to 18%, the Company has recognized a deferred tax liability of Rs. 171,316,695 as at 31 March 2021 on the revaluation reserve of the free hold land.
- 25.2** The Company has recognized deferred tax on revaluation of its land and building classified as investment property (investment assets) at the rate of 10% as per the Inland Revenue Act No. 24 of 2017. Accordingly, the Company has recognized deferred tax liability of Rs. 6,005,500 as at 31 March 2022 (Rs.1,494,500 as at 31 March 2021) on the revaluation gain reported during the period.
- 25.3** If the Company has recognized deferred tax on revaluation of its land and building classified as business property (business assets) at the rate of 18% as per the Inland Revenue Act No. 24 of 2017 as at 31 March 2022, impact can be calculated as follows,

As at 31 March,	2022	2021
	Rs.	Rs.
Deferred tax liability at the rate of 18%	52,046,415	40,927,590
Deferred tax liability at the rate of 10%	18,300,000	12,294,500
Impact - Increase in deferred tax liability	33,746,415	28,633,090

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

26 RETIREMENT BENEFIT OBLIGATIONS

As at 31 March,	2022	2021
	Rs.	Rs.
Balance at the beginning of the year	55,003,505	58,091,087
Transfer in	-	6,113,300
Transfer out	-	(486,129)
Actuarial loss/(gain)	15,176,013	(3,674,528)
Past service cost	(2,637,591)	-
Current service cost	2,281,708	1,842,925
Interest cost	4,137,604	5,809,109
Benefits paid	(6,566,905)	(12,692,259)
Balance at the end of the year	67,394,334	55,003,505

26.1 Amount charge to Financial Statement

For the year ended 31 March,	2022	2021
	Rs.	Rs.
Amount charged to income statement	6,419,312	7,652,034
Amount charged to other comprehensive income	15,176,013	(3,674,528)
Net charge during the financial year	21,595,325	3,977,506

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

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

During 2021/2022, the pension arrangements was adjusted to reflect new legal requirements as per Minimum Retirement age of workers Act No. 28 of 2021 regarding the retirement age. As a result of the plan amendment, the Company defined benefit obligation decrease by Rs. 2,637,591 (2021 - nil). A corresponding past service credit was recognised in profit or loss during 2021/2022.

As at 31 March 2022, the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by a professionally 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.

NOTES TO THE FINANCIAL STATEMENTS

26.2 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 Singer Industries (Ceylon) PLC was 5% (2021 – 5%).
	Normal retirement age	The employees who are aged over the specified retirement age have been assumed to retire on their respective next birthdays. For both male and female 60 years (2021 – 60 years).
	Average past service	
	– Executive	16 years
	– Non executive	32.74 years (2021 – 31 years)
	Average future working life time	
	– Executive	7.68 years
	– Non executive	4.27 years (2021 – 4.81 years)
	Financial assumptions	Rate of discount
Salary increases		A salary increment of 13.5% p.a. (2021 – 7% p.a.) has been used in respect of the active employees.

26.3

Maturity analysis of the payments

	2022	2021
	Rs.	Rs.
Within next 12 months	12,145,709	3,840,565
Between 1 to 5 years	40,183,311	25,537,070
Between 5 to 10 years	12,911,428	24,634,010
Beyond 10 years	2,153,886	991,860
Total	67,394,334	55,003,505

26.4 Sensitivity of assumptions used

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

For the year ended 31 March,	Effect	Effect
	2022	2021
	Rs. ('000)	Rs. ('000)
(A) Discount rate		
Increase by one percentage point - (increase)/decrease	(2,422)	(2,111)
Decrease by one percentage point - decrease/(increase)	2,588	2,277
(B) Salary increment rate		
Increase by one percentage point - (decrease)/increase	2,854	2,163
Decrease by one percentage point - increase/(decrease)	(2,712)	(2,043)

27 TRADE AND OTHER PAYABLES

As at 31 March,	2022	2021
	Rs.	Rs.
Trade payables	112,727,144	117,803,996
Accrued expenses	23,278,634	8,100,982
	136,005,778	125,904,978

28 PROVISIONS

As at 31 March,	Warranties	Bonus	Total	Total
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	329,583	13,568,550	13,898,133	297,533
Provision made during the year	296,423	20,392,514	20,688,937	18,161,532
Provision utilised during the year	(250,520)	(24,777,406)	(25,027,926)	(4,560,932)
Balance at the end of the year	375,486	9,183,658	9,559,144	13,898,133

Warranties : A provision of Rs. 296,423/- has been recognised for expected warranty claims in product sold during the current financial year. The provision has been made based on actual average historical claims development during previous years.

Bonus : Rs.20,392,514/- provision has been recognised for the period ended 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS

29 DIVIDENDS PAYABLE

As at 31 March,	2022	2021
	Rs.	Rs.
Balance at beginning of the year	2,191,420	2,034,882
Additions (declared dividends) – 2019/20 – Rs. 0.92	–	9,200,350
Payments	(17,719)	(9,043,812)
Balance at end of the year	2,173,701	2,191,420

30 INTEREST BEARING SHORT TERM LOANS

As at 31 March,	2022	2021
	Rs.	Rs.
Term loans (secured)		
Balance at beginning of the year	96,000,000	70,000,000
Loans obtained during the year	676,542,560	369,019,000
Repayment of term loans during the year	(627,542,560)	(343,019,000)
Balance at end of the period (Note 30.1)	145,000,000	96,000,000

30.1 Interest - bearing short term borrowings

As at 31 March,	2022	2022	2022	2021	2021	2021
	Amount repayable within 1 year	Amount repayable after 1 year	Total	Amount repayable within 1 year	Amount repayable after 1 year	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank loans	35,000,000	–	35,000,000	96,000,000	–	96,000,000
Related Party Loan	110,000,000	–	110,000,000	–	–	–
	145,000,000	–	145,000,000	96,000,000	–	96,000,000

Facility type	Bank/ Institution	Repayment terms	Nominal interest rate	Balance	Balance
				31.03.2022	31.03.2021
Short term loan	Commercial Bank	3 months	9.74% (Weekly AWPLR+0.35%)	20,000,000	21,000,000
Short term loan	Seylan Bank	3 months	9.95% (Monthly AWPLR+1%)	15,000,000	75,000,000
Related Party Loan	Singer (Sri Lanka) PLC	12 months	11.5% (Singer borrowing cost+0.5%)	110,000,000	–
				145,000,000	96,000,000

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

31 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

31.1 Financial risk management

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

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

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

31.1.1 Risk management framework

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

31.1.2 Credit risk

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

31.1.2.1 Exposure to credit risk

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

As at 31 March,	2022	2021
	Rs.	Rs.
Related party receivables	131,598,569	117,090,135
Other receivables	1,406,116	2,058,551
Investment in fixed deposits	148,877,679	177,966,419
	281,882,364	297,115,105

NOTES TO THE FINANCIAL STATEMENTS

Aging analysis of related party receivable

	Total	Neither past due nor impaired (0 - 30 days)	Past due but not impaired (31 to 60 days)
As at 31.03.2021	117,090,135	112,614,770	4,475,365
Amount due from related companies			
As at 31.03.2022	131,598,569	110,515,765	21,082,804
Amount due from related companies			

(a) Receivables from related companies

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

(b) Loans given to employees

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

(c) Cash and cash equivalents

The Company held cash and cash equivalents of Rs.4,181,574/- (including cash in hand amount of Rs.175,750/-) and fixed deposit of Rs.148,877,679/- as at 31 March 2022. The cash and cash equivalents balances are held with reputed commercial banks.

Fitch rating	2022	2021
	Rs.	Rs.
Bank balance		
AA-	1,551,901	532,551
AA-	651,165	466,278
A	1,802,758	5,466,283
	4,005,824	6,465,112
Cash in hand	175,750	175,750
Cash and cash equivalents	4,181,574	6,640,862
Fixed Deposit		
A	148,877,679	177,966,419

31.1.3 Liquidity risk

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

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

The Company also maintains excellent relationships with banks, with which it has dealings and enjoy substantial banking facilities. The Company aims to maintain banking facilities in excess of expected funding requirements. The table below highlights the lines of credit and utilized facilities as at 31 March 2022.

Lines of credit	Facility Amount	31.03.2022 Utilization	31.03.2021 Utilization
	Rs.	Rs.	Rs.
Short-term loan	115,000,000	35,000,000	96,000,000
Overdraft	50,000,000	49,038,216	42,667,821
Total borrowing facility Vs. utilization	165,000,000	84,038,216	138,667,821
Letter of credit facility Vs. utilization	115,000,000	155,858,883	210,523,851

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

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

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

As at 31 March 2022,	Carrying amount	Contractual cash flow total	1 - 12 months
	Rs.	Rs.	Rs.
Overdraft	49,038,216	49,038,216	49,038,216
Trade payable	112,727,144	112,727,144	112,727,144
Interest - bearing short term borrowings	145,000,000	151,422,626	151,422,626
Amount due to related companies	34,458,899	34,458,899	34,458,899

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021,	Carrying amount	Contractual cash flow total	1 - 12 months
	Rs.	Rs.	Rs.
Overdraft	42,667,821	42,667,821	42,667,821
Trade payable	117,803,996	117,803,996	117,803,996
Interest - bearing short term borrowings	96,000,000	97,173,975	97,173,975
Amount due to related companies	2,814,214	2,814,214	2,814,214

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

31.1.4 Market risk

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

(1) Currency risk

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

Given below is the summary of the import credit exposure as at 31 March 2022.

Trade payable US\$ 243,760.90, SGD 5,780.25 and CNY 212,250 (2021 - US\$ 476,846 and CNY 118,750)

On reporting date spot rate was US\$ 1 = LKR 310.00 (2021 - US\$ 1 = LKR 199.83)

On reporting date spot rate was CNY 1 = LKR 46.29 (2021 - CNY 1 = LKR 30.32)

On reporting date spot rate was SGD 1 = LKR 217.17 (2021 - SGD 1 = LKR 148.16)

During the financial period, average rate was US\$ 1 = LKR 299.38 (2021 - US\$ 1 = LKR 188.79)

At 31 March 2022, the post-tax profit and shareholder equity would be Rs.4,971,064/- higher/lower based on the appreciation/depreciation of the Sri Lankan Rupee by 50.58% against the US\$, due to the US\$ denominated trade payables.

The total import credit of the Company denominated in US Dollar (USD), Singapore Dollars and CNY as at 31 March 2022. The Central bank of Sri Lanka (CBSL) has floated the exchange rate since 7 March 2022 and to date, the LKR has devalued to Rs.364.98/USD, Rs. 258.53/SGD and 52.76/CNY. This fluctuation in the exchange rates will have a material impact of Rs. 13.8 million of net exchange loss on the company's Profit before tax and funding position in the financial year 2022.

	Equity		Profit or Loss	
	Appreciation Rs.	Depreciation Rs.	Appreciation Rs.	Depreciation Rs.
31 March 2022 US\$ (50.58% movement)	(4,971,064)	4,971,064	(4,971,064)	4,971,064

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

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

(2) Interest rate risk

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

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

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

Profile

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

As at 31 March,	2022	2021
	Rs.	Rs.
Fixed rate instruments		
Financial assets	148,877,679	177,966,419
Financial liabilities	-	-
	148,877,679	177,966,419
Variable rate instruments		
Financial assets	-	-
Financial liabilities	194,038,216	138,667,821
	194,038,216	138,667,821

NOTES TO THE FINANCIAL STATEMENTS

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

(3) Sensitivity Analysis

If interest rates had been higher/lower by 5 basis points and all other variables were held constant, the profit before tax for the year ended 31 March 2022 would decrease/increase by Rs. 60,250 (2020/21 Rs. 41,500). A fluctuation in interest rates is possible due to Company's exposure to variable rates of interest.

	Current year	Last year	Base point	Change %	Expected sensitivity
2022	145,000,000	96,000,000	5	0.05	60,250
2021	96,000,000	70,000,000	5	0.05	41,500

Since the interest rates have been significantly increased subsequent to the balance sheet date and due to the volatile nature of fluctuations, there will be an adverse impact on the interest bearing borrowings.

31.2 Capital management

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

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

The capital structure of the Company consists of debt and equity of the Company (comprising issued capital, reserves, retained earnings as detailed in Note 23 and 24). The capital structure of the Company is reviewed by the Board of Directors. The gearing ratio is given below:

(1) Gearing ratio

	31.03.2022	31.03.2021
	Rs.	Rs.
Total borrowings	194,038,216	138,667,821
Total debt	194,038,216	138,667,821
Equity	1,673,028,040	1,445,457,832
Debt to equity ratio	11.6%	9.6%

31.3 Financial instruments - Fair value**Accounting classifications and fair values**

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

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

	Note	Financial assets at amortized cost	Financial liabilities at amortized cost	Total carrying amount
As at 31 March 2022				
Financial Assets not measured at fair values				
Cash and cash equivalents	22	4,181,574	–	4,181,574
Amount due from related companies	16	131,598,569	–	131,598,569
Other receivables	18	1,406,116	–	1,406,116
Investments in fixed deposits	21	148,877,679	–	148,877,679
		286,063,938	–	286,063,938
Financial liabilities not measured at fair values				
Trade payables	27	–	112,727,144	112,727,144
Amounts due to related companies	17	–	34,458,899	34,458,899
Borrowings including related party loans	30	–	145,000,000	145,000,000
Bank overdraft	22	–	49,038,216	49,038,216
		–	341,224,259	341,224,259

NOTES TO THE FINANCIAL STATEMENTS

	Note	Financial assets at amortized cost	Financial liabilities at amortized cost	Total carrying amount
As at 31 March 2021				
Financial Assets not measured at fair values				
Cash and cash equivalents	22	6,640,862	–	6,640,862
Amount due from related companies	16	117,090,135	–	117,090,135
Other receivables	18	2,058,551	–	2,058,551
Investments in fixed deposits	21	177,966,419	–	177,966,419
		303,755,967	–	303,755,967
Financial Liabilities not measured at fair values				
Trade payables	27	–	117,803,996	117,803,996
Amounts due to related companies	17	–	2,814,214	2,814,214
Borrowings including related party loans	30	–	96,000,000	96,000,000
Bank overdraft	22	–	42,667,821	42,667,821
			259,286,031	259,286,031

32 COMMITMENTS AND CONTINGENCIES

32.1 Capital expenditure commitments

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

32.2 Contingencies

32.2.1 Finance commitments

Document credit are affected for foreign purchases of the Company amounting to Rs.155,858,883/ – (2021- Rs.210,523,851/-) on the basis that the Company is liable for the additional duty. Hence, no provision is made in the Financial Statements. Other than the above, the Company does not have any significant contingencies as at the reporting date.

33 EVENTS OCCURRING AFTER THE REPORTING DATE

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. 29,184,544/ – for the year of assessment 2020/21. The tax is imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on 7 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 LK Rs. 7,296,136/-.

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

34 RELATED PARTY DISCLOSURE

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

34.1 Parent and ultimate controlling party

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

34.2 Transactions with Key Management Personnel ("KMP")

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

(a) Compensation of key management personnel

For the year ended 31 March,		2022	2021
		Rs.	Rs.
Short term employee benefits	-Directors' emoluments	11,824,689	1,094,760
	-Non-executive directors' fees	2,160,000	2,700,000

NOTES TO THE FINANCIAL STATEMENTS

34.3 Other related party transactions

(a) Transactions with related entities

Name of the Company and relationship	Nature of transaction	2022	2021
		Rs.	Rs.
Singer (Sri Lanka) PLC	Sales (gross)	826,175,417	562,303,887
(Parent Company)	Net finance charge	(7,682,522)	(10,182)
	Expenses reimbursed	(95,736,292)	(26,653,105)
	Lease rental received	22,514,165	21,340,076
	Purchases – fixed assets	–	(284,159)
	Purchases – materials	(7,004,683)	(156,658)
	Management fee	(146,213)	(146,513)
	Non trade settlement	42,522,134	11,260,948
	Trade settlements	(815,823,407)	(498,967,695)
	Loans obtained	110,000,000	–
Regnis (Lanka) PLC	Sales (gross)	2,766,304	1,897,877
(Related Company)	Purchases – materials	(9,748,367)	–
	Expenses reimbursed	(561,399)	(464,809)
	Net finance charge	(222,143)	3,557
	Trade debtors settlement	(2,598,234)	(1,801,806)
	Settlements	9,748,367	–
Singer Finance (Lanka) PLC	Investment in fixed deposits	148,877,679	177,966,419
(Related Company)	Interest received on fixed deposits	12,614,524	17,379,970
	Withdrawal of Fixed Deposits	(41,703,265)	–
Regnis Appliances (Pvt) Ltd	Purchases – raw materials	(49,779,913)	(23,912,668)
(Related Company)	Sales (gross)	189,976,750	115,493,046
	Trade settlements	(118,461,688)	(106,461,461)
	Expenses reimbursed	42,107	1,020,953
	Interest on due balance	691,880	371,208
	Settlements	–	10,011,288
Hayleys PLC	Management fee	(9,042,977)	(4,789,256)
(Ultimate Related Company)	Expenses reimbursed	(4,638,334)	(276,766)
	Settlements	9,246,240	5,118,271
Advantis Freight (Private) Limited	Service obtained	(22,619,102)	14,839,457
(Related Company)	Settlements	23,554,867	(16,091,382)
Hayleys Business Solution Int. (Pvt) Ltd	Service obtained	(132,165)	–
(Related Company)	Settlements	122,877	–
Uni Dil Packaging Ltd	Purchases- materials	(5,200,443)	–
(Related Company)	Settlements	7,538,815	–

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

34.3.1. Recurrent and non-recurrent related party transactions**Recurrent related party transaction**

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

Name of the related party	Transaction	Value of the transaction entered into during the financial year	Value of the related party transaction as a % of revenue	Terms and conditions of the related party transaction/ the rationale for entering into the transaction
		Rs.	%	
Singer (Sri Lanka) PLC	Sales (gross)	826,175,417	81%	On commercial terms.
	Trade settlement	815,823,407	80%	
Regnis Appliances (Pvt) Ltd	Sales (gross)	189,976,750	18%	On commercial terms.
	Trade settlement	118,461,688	12%	

Non-recurrent related party transaction

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

Name of the related party	Transaction	Value of the transaction entered into during the financial year	Value of the related party transaction as a % of equity	Value of the related party transaction as a % of total assets	Terms and conditions of the related party transaction/ the rationale for entering into the transaction
		Rs.	%	%	
Singer Finance (Lanka) PLC	Investment in fixed deposit	148,877,679	9%	6%	On commercial terms.

Terms and conditions of transactions with related parties:

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

	Credit period
Singer (Sri Lanka) PLC	30 Days
Regnis Appliances (Pvt) Limited	30 Days
Regnis (Lanka) PLC	30 Days
Hayleys PLC	30 Days
Hayleys Business Solution Int. (Pvt) Ltd	30 Days
Uni Dil Packaging Ltd	30 Days
Advantis Freight (Pvt) Limited	45 Days

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

TEN YEARS AT A GLANCE

	2021/22	2020/21	2019/20
	Rs'000	Rs'000	Rs'000
TRADING RESULTS			
Turnover - Net	943,686	629,616	541,892
Profit/(Loss) before Taxation	108,850	(1,958)	11,351
Taxation	(16,143)	(4,962)	3,919
Profit/(Loss) from Continuing Operations	92,707	(6,920)	15,270
Profit / (Loss) for the year	92,707	(6,920)	15,270
Paid Up Capital	100,004	100,004	100,004
Capital Reserves	949,756	807,089	703,455
Revenue Reserves	623,268	538,365	547,064
	1,673,028	1,445,458	1,350,523
Deferred Liabilities	224,705	187,203	296,856
	1,897,733	1,632,661	1,647,379
ASSETS EMPLOYED			
Current Assets	605,486	464,866	396,790
Current Liabilities	389,544	288,539	185,981
Working Capital	215,942	176,327	210,809
Fixed Assets	1,284,621	1,112,733	1,119,774
Investment Property	383,000	322,945	308,000
Investments	81,565	75,659	66,887
Other Receivables - Non current	-	-	-
	1,965,128	1,687,664	1,705,470
<i>* Fifteen months ended 31 March 2019 (2018/19)</i>			
Earnings/(Loss) per Share			
From Continuing Operations (Rs) *	4.64	(0.35)	0.76
From Continuing Operations before change in Fair value of Current Investment *	1.63	(1.09)	0.11
After Discontinued Operations (Rs) *	4.64	(0.35)	0.76
Net Assets per Share at year end (Rs) *	83.65	72.27	67.52
Return on Average Net Assets (%)	5.95	(0.49)	1.13
DIVIDENDS			
Dividends (Rs)	-	-	9,200
Dividend per Share(Rs) *	-	-	0.46
Dividend Cover *	-	-	1.66
OTHERS			
Annual Sales Growth (%)	49.88	16.19	(31.14)
Inflation Rate (%)	21.50	4.70	4.20
Current Ratio	1.55	1.61	2.13
Investment in Fixed Assets (Rs.000)	1,218	1,662	6,850
Price Earnings Ratio (Times) *	8.26	(111.75)	41.9
Market Value of Share	38.30	44.70	62.90
	*	*	**

* Adjusted/post to the sub-division of shares

** Prior to the sub-division of shares

2018/19*	2017	2016	2015	2014	2013	2012
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
786,935	646,579	743,206	740,052	715,416	588,404	745,998
29,013	70,931	51,865	(4,867)	9,243	20,339	37,830
(7,984)	(2,522)	(9,847)	3,256	(1,242)	(6,965)	(5,156)
21,029	68,409	42,018	(1,611)	8,001	13,374	32,674
21,029	68,409	42,018	(1,611)	8,001	13,374	32,674
100,004	38,463	38,463	38,463	38,463	38,463	38,463
707,143	655,523	890,077	542,454	545,131	472,632	475,185
541,801	503,844	459,229	408,275	406,973	396,471	387,085
1,348,948	1,197,830	1,387,769	989,192	990,567	907,565	900,733
298,569	238,641	54,365	52,74	56,410	54,581	46,822
1,647,517	1,436,471	1,442,134	1,041,939	1,046,977	962,146	947,555
386,096	350,017	378,549	372,692	368,279	344,747	346,188
174,313	78,795	104,484	132,388	138,167	116,621	138,392
211,783	271,222	274,065	240,304	230,113	228,126	207,796
1,121,724	947,370	956,574	613,340	626,867	556,624	563,276
295,000	200,000	150,000	126,000	126,000	113,445	113,445
71,959	68,549	60,542	61,685	62,088	59,870	59,246
788	853	953	609	1,910	4,081	3,793
1,701,254	1,487,994	1,442,134	1,041,939	1,046,977	962,146	947,555
2.10	6.48	10.92	(0.42)	2.08	3.48	8.49
(0.53)	1.84	4.68	(0.42)	2.08	3.48	5.22
2.10	6.48	10.92	(0.42)	2.08	3.48	8.49
134.89	311.42	360.81	257.18	257.54	235.9	234.18
1.65	5.29	3.54	(0.16)	0.84	1.48	3.92
15,701	51,156	25,001	-	-	1,923	5,769
1.57	13.30	6.50	-	-	0.50	1.50
1.34	1.33	1.68	-	-	6.95	5.66
21.71	(13.00)	0.43	3.44	21.59	(21.13)	4.55
3.30	7.10	3.75	4.00	5.00	6.90	7.60
2.21	4.44	3.62	2.82	2.67	2.96	2.50
7,491	182	231	67	1,637	1,165	7,452
27.62	21.05	13.32	(440.99)	95.18	33.76	17.08
58.00	144.00	145.50	184.70	198.00	117.50	145.00

SHARE INFORMATION

GENERAL

	31 March 2022	31 March 2021
Stated Capital	Rs. 100,003,800	Rs. 100,003,800
Number of Shares - Ordinary Shares	20,000,760	20,000,760
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

STOCK EXCHANGE LISTING

The ordinary voting shares of the Company were transferred to the 'Diri Savi' Board of CSE with effect from 15 October 2018. In terms of the option 2 of Section 7.14.1 (b) the Company is in compliance with the minimum public holding of 10%.

Float-adjusted market capitalization was Rs. 93,991,772/= as at 31 March 2022.

DISTRIBUTION OF SHAREHOLDINGS - 31 MARCH 2022

Category	2022			2021		
	No. of Holders	Total Holdings	%	No. of Holders	Total Holdings	%
1 to 1000	769	210,989	1.06	764	215,412	1.07
1001 to 10000	370	927,600	4.64	364	917,613	4.59
10001 to 100000	39	862,918	4.31	35	767,710	3.84
100001 to 1000000	3	454,625	2.27	4	555,397	2.78
Over 1000000 Shares	1	17,544,628	87.72	1	17,544,628	87.72
	1,182	20,000,760	100.00	1,168	20,000,760	100.00

Category	2022					
	No. of Holders		No. of Holdings (shares)		%	
	Foreign	Local	Foreign	Local	Foreign	Local
1 to 1000	7	762	2,224	208,765	0.01	1.04
1,001 to 10,000	12	358	31,102	896,498	0.16	4.48
10,001 to 100,000	1	38	10,400	852,518	0.05	4.27
100,001 to 1,000,000	-	3	-	454,625	-	2.27
Over 1,000,000 Shares	-	1	-	17,544,628	-	87.72
	20	1,162	43,726	19,957,034	0.22	99.78

Category	No. of holders		No. of Holdings (shares)		No. of holdings	
	Foreign	Local	Foreign	Local	Foreign	Local
Individuals	20	1,116	43,726	1,992,058	0.22	9.96
Institutions	-	46	-	17,964,976	-	89.82
	20	1,162	43,726	19,957,034	0.22	99.78

DIRECTORS' SHARE HOLDINGS AS AT 31 MARCH 2022

Name Of Director	CDS	Non - CDS
Mr. A.M. Pandithage	Nil	Nil
Mr. M.H. Wijewardene	Nil	Nil
Mr. K.D. Kospelawatta	1,040	Nil
Mr. S.C. Ganegoda	Nil	Nil
Mr. M.H. Jamaldeen	Nil	Nil
Mr. N.L.S. Joseph	Nil	Nil
Mr. K.D.G. Gunaratne	Nil	Nil
Mr. D.K. De Silva Wijeyeratne	Nil	Nil
Mr. K. T. R. Chitrasiri (Alternate Director to Mr. S. C. Ganegoda) (Appointed w.e.f.20 April 2022)	Nil	Nil
Mr. R. S. Kulasuriya (Alternate Director to Mr. M. H. Wijewardene) (Appointed w.e.f.20 April 2022)	170	Nil

ANALYSIS OF SHARES

	2022			2021		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Shares held by Public	1,180	2,455,092	12.27	1,165	2,454,572	12.27

TWENTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2022

Name	No. of shares	%
1 Singer (Sri Lanka) PLC	17,544,628	87.72
2 Mr. U.I. Suriyabandara	171,403	0.86
3 Union Investments Private Ltd	165,360	0.83
4 J.B. Cocoshell (Pvt) Ltd	117,862	0.59
5 Mr. G.C. Goonetilleke	63,260	0.32
6 Mr. A.L.M. Hussain	52,000	0.26
7 Mrs. C.D.D. Kumari	50,300	0.25
8 Mrs. S.N. Senanayake	49,798	0.25
9 Mr. S. Ramanathan	44,551	0.22
10 Dr. D. Jayanntha	40,400	0.20
11 Mrs. Z.T. Jafferjee	40,000	0.20
12 Mr. S. Nishyanthan	31,200	0.16
Mr. W.D.D.R. Mahatantila	31,200	0.16
13 Mr. S. Aravinthan	28,000	0.14
14 Mrs. M.J. Thambinayagam	26,000	0.13
The Incorporated Trustees of the Church of Ceylon	26,000	0.13
15 Miss S.N. Dias	22,440	0.11
16 Mr. L.N.S.K. Samarasinghe	21,340	0.11
17 Laugfs Gas PLC	21,078	0.11
18 Mr. D. U. Priyantha	20,998	0.10
19 Mr. D. S. M. Pathirana	20,851	0.10
20 Mr. R. E. Rambukwelle	16,000	0.08
Total	18,604,669	93.02

SHARE INFORMATION

For the period ended 31 March	2022	2021
	Rs.	Rs.
Closing price for the period ended	38.30	44.70
Highest value per share during the year	60.00	140.00*
Lowest value per share during the year	37.50	43.00

* Highest share price reported prior to the sub-division of shares.

Share trading for the period ended

	No of Transactions	No of shares	Value of shares
	(Trades)	(Trades)	(Traded) Rs.
2022 (12 Months)	2,247	544,904	26,929,827
2021 (12 Months)	2,033	412,945	36,789,526
2020 (12 Months)	648	92,282	5,957,489

TWENTY LARGEST SHAREHOLDERS AS AT 31MARCH 2021

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

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN THAT THE FIFTY NINTH ANNUAL GENERAL MEETING OF SINGER INDUSTRIES (CEYLON) PLC ON WEDNESDAY, 29 JUNE 2022 AT 11.30 A.M. VIA ONLINE MEETING PLATFORM.

1. To consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31 March 2022 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. S. C. Ganegoda, who retires by rotation at the Annual General Meeting in terms of Article 24(4) of the Articles of Association of the Company.
3. To re-elect as a Director Mr. D. 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.
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 authorise the Directors to determine their remuneration.
7. To consider any other business of which due notice has been given.

By Order of the Board

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

Secretaries

Colombo
02 June 2022.

Notes:

1. The Annual Report of the Company for 2021/22 is available on the corporate website <https://www.singersl.com/financial-reports> and on the Colombo Stock Exchange website - <https://www.cse.lk/pages/companyprofile/companyprofile.component.html?symbol=SINI.N0000>
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 sinindagm@secretarial.hayleys.com not less than forty eight (48) hours before the time fixed for the Meeting.

GRI CONTENT INDEX

Disclosure	Category	Code	Explanation	Page Number	Reference
GRI General Disclosures					
	Organizational profile	102-1	Disclosure Name of the organization	Page 06	About this report
		102-2	Activities, brands, products, and services	Page 08	Organizational overview
		102-3	Location of headquarters	Inner back	Corporate information
		102-4	Location of operations	Page 08	Organizational overview
		102-5	Ownership and legal form	Inner back	Corporate information
		102-6	Markets served	Page 42	Social and relationship capital
		102-7	Scale of the organization	Page 11 - 14	Financial and non financial information
		102-8	Information on employees and other workers	Page 51-52	HR Capital
		102-9	Supply chain	Page 43-44	Social and relationship capital
		102-10	Significant changes to the organization and its supply chain	Page 06	About this report
		102-11	Precautionary Principle or approach	Page 44	Social and relationship capital
		102-12	External initiatives	Page 62	Corporate Governance
		102-13	Membership of associations	Page 44	Social and relationship capital
	Strategy	102-14	Statement from senior decision-maker	Page 16 - 21	Chairman & Group CEO's statements
		102-15	Key impacts, risks, and opportunities	Page 112-114	Risk management
	Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	Page 04	Vision & Mission Statement
		102-17	Mechanisms for advice and concerns about ethics	Page 103 -104	Corporate Governance
	Governance	102-18	Governance structure	Page - 63	Corporate Governance
		102-19	Delegating authority	Page 62 - 63	Corporate Governance
	Stakeholder engagement	102-40	List of stakeholder groups	Page 29	Stakeholder Interaction
		102-41	Collective bargaining agreements	Page 54	Human capital
		102-42	Identifying and selecting stakeholders	Page 29	Stakeholder Interaction
		102-43	Approach to stakeholder engagement	Page 29	Stakeholder Interaction
		102-44	Key topics and concerns raised	Page 29	Stakeholder Interaction
		102-45	Entities included in the consolidated financial statements	Page 08	Organizational overview

Disclosure	Category	Code	Explanation	Page Number	Reference
	Reporting practice	102-46	Defining report content and topic Boundaries	Page 06 & 30	About this report & Materiality matters
		102-47	List of material topics	Page 30	Materiality matters
		102-48	Restatements of information	Page 06	About this report
		102-49	Changes in reporting	Page 30	Materiality matters
		102-50	Reporting period	Page 06	About this report
		102-51	Date of most recent report	Page 06	About this report
		102-52	Reporting cycle	Page 06	About this report
		102-53	Contact point for questions regarding the report	Page 07	About this report
		102-54	Claims of reporting in accordance with the GRI Standards	Page 07	About this report
		102-55	GRI content index	Page 188 - 192	GRI content index
		102-56	External assurance	Page 115 - 116	Assurance Report
Management Approach (103)					
		103-1	Explanation of the material topic and its Boundary	Page 30	Materiality matters
		103-2	The management approach and its components	Page 34 Page 41 Page 45 Page 49 Page 55 Page 58	Finance capital Social and relationship capital Manufactured capital Human capital Natural capital Intellectual capital
		103-3	Evaluation of the management approach	Page 34 Page 41 Page 45 Page 49 Page 55 Page 58	Finance capital Social and relationship capital Manufactured capital Human capital Natural capital Intellectual capital
GRI Specific Disclosures					
Economic Topics (200)					
201	Economic Performance	201-1	Direct economic value generated and distributed	Page 40	Finance capital
		201-2	Financial implications and other risks and opportunities due to climate change	Page 135	2.6. Going concern
		201-3	Defined benefit plan obligations and other retirement plans	Page 167	Note 26 - Retirement benefit obligation
204	Procurement Practices	204-1	Proportion of spending on local suppliers	Page 44	Social and relationship capital
207	Tax	Management Approach			
		207-1	Approach to tax	Page 152	Note 10 - Income tax
		207-2	Tax governance, control, and risk management	Page 152	Note 10 - Income tax

GRI CONTEXT INDEX

Disclosure	Category	Code	Explanation	Page Number	Reference
		207-3	"stakeholder engagement and management of concerns related to tax"	Page 152	Note 10 - Income tax
	Topic-specific disclosures	207-4	Country-by-country reporting	Page 152	Note 10 - Income tax
Environmental Topics (300)					
301	Materials	301-1	Materials used by weight or volume	Page 44	Social and relationship capital
		301-2	Recycled input materials used	Page 57	Natural capital
302	Energy	302-1	Energy consumption within the organization	Page 56	Natural capital
		302-3	Energy intensity	Page 33	Value creation
		302-4	Reduction of energy consumption	Page 56	Natural capital
303	Water and Effluents	Management Approach			
		303-1	Interactions with water as a shared resource	Page 56	Natural capital
		303-2	Management of water discharge-related impacts	Page 56	Natural capital
		Topic-specific disclosures			
		303-3	Water withdrawal	Page 56	Natural capital
		303-4	Water discharge	Page 56	Natural capital
		303-5	Water consumption	Page 14, 56	Natural capital
305	Emissions	305-1	Disclosure Direct (Scope 1) GHG emissions	Page 57	Natural capital
		305-2	Energy indirect (Scope 2) GHG emissions	Page 57	Natural capital
		305-3	Other indirect (Scope 3) GHG emissions	Page 57	Natural capital
		305-4	GHG emissions intensity	Page 57	Natural capital
		305-5	Reduction of GHG emissions	Page 57	Natural capital
306	Waste	Management Approach			
		306-1	Waste generation and significant waste-related impacts	Page 56 - 57	Natural capital
		306-2	Management of significant waste-related impacts	Page 56 - 57	Natural capital
		Topic-specific disclosures			
		306-3	Waste generated	Page 57	Natural capital
307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Page 44	Social and relationship capital
308	Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Page 44	Social and relationship capital

Disclosure	Category	Code	Explanation	Page Number	Reference
		308-2	Negative environmental impacts in the supply chain and actions taken	Page 44	Social and relationship capital
Social Topics (400)					
401	Employment	401-1	New employee hires and employee turnover	Page 51	Human capital
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 52	Human capital
402	Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	Page 53	Human capital
403	Occupational Health and Safety	Management Approach			
		403-1	Occupational health and safety management system	Page 53 - 54	Human capital
		403-2	Hazard identification, risk assessment, and incident investigation	Page 53 - 54	Human capital
		403-3	Occupational health services	Page 53 - 54	Human capital
		403-4	"Worker participation, consultation, and communication on occupational health and safety"	Page 53 - 54	Human capital
		403-5	Worker training on occupational health and safety	Page 53 - 54	Human capital
		403-6	Promotion of worker health	Page 53 - 54	Human capital
		403-7	"Prevention and mitigation of occupational health and safety impacts directly linked by business relationships"	Page 53 - 54	Human capital
		Topic-specific disclosures			
		403-8	"Workers covered by an occupational health and safety management system"	Page 54	Human capital
		403-9	Work-related injuries	Page 54	Human capital
		403-10	Work-related ill health	Page 54	Human capital
404	Training and Education	404-1	Average hours of training per year per employee	Page 52	Human capital
		404-2	Programs for upgrading employee skills and transition assistance programs	Page 52	Human capital
		404-3	Percentage of employees receiving regular performance and career development reviews	Page 53	Human capital

GRI CONTEXT INDEX

Disclosure	Category	Code	Explanation	Page Number	Reference
406	Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Page 13	Non financial performance
407	Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 54	Human capital
408	Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Page 13	Non financial performance
409	Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 44	Non financial performance
411	Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	Page 44	Non financial performance
413	Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Page 44	Social and relationship Capital
		413-2	Operations with significant actual and potential negative impacts on local communities	Page 47	Manufactured capital
414	Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Page 44	Social and relationship capital
		414-2	Negative social impacts in the supply chain and actions taken	Page 44	Social and relationship capital
415	Public Policy	415-1	Political contributions	Page 44	Social and relationship capital
416	Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Page 47	Manufactured capital
		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 47	Manufactured capital
417	Marketing and Labeling	417-1	Requirements for product and service information and labeling	Page 43	Social and relationship capital
		417-2	Incidents of non-compliance concerning product and service information and labeling	Page 47	Manufactured capital
		417-3	Incidents of non-compliance concerning marketing communications	Page 47	Manufactured capital
418	Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 44	Social and relationship capital
419	Socioeconomic Compliance	419-1	Non-compliance with laws and regulations	Page 44	Social and relationship capital

FORM OF PROXY

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

I/We*
 (full name of Shareholder**) NIC No./Reg. No. of Shareholder (**)of
 being Shareholder/Shareholders* of Singer Industries (Ceylon) PLC hereby appoint:
 (1) (full name of Proxyholder**) NIC No. of Proxyholder (**)
 of or, failing him/them

(2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our* Proxy to attend and vote as indicated hereunder for me/us* and on my/our* behalf at the Fifty Ninth Annual General Meeting of the Company to be held on Wednesday, 29 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 consider and adopt Annual Report of the Directors and the Statement of Accounts for the year ended 31 March 2022 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Mr. S. C. Ganegoda, who retires by rotation at the Annual General Meeting in terms of Article 24(4) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as a Director Mr. D. 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.	<input type="checkbox"/>	<input type="checkbox"/>
4. To propose the Ordinary Resolution as set out in the Notice for the re-appointment of Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007, who retires having attained the age of seventy one years.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorise the directors to determine donations and contributions to charities for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Messrs KPMG, Chartered Accountants as the Auditors of the Company for the year 2022/23 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

(***) The proxy may vote as he thinks fit on any other resolution brought before the meeting of which due notice has been given.

As witness my/our* hands this day of 2022.

Witness: Signature :
 Name :
 Address :
 NIC No. :

.....
Signature of Shareholder

Notes:

- a) *Please delete the inappropriate words.
- b) A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to represent and speak 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. Registration number should be given in the case of corporate shareholders.
- 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 shareholder" dated on 02 June 2022 and follow the instructions to join the meeting online.

INSTRUCTIONS AS TO COMPLETION:

1. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to sinindagm@secretarial.hayleys.com not less than forty eight (48) hours before the start of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly sign and fill in the date of signing.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your Proxy, please insert the relevant details at (1) overleaf. The Proxy need not be a Member of the Company.
4. Please indicate with an "X" in the space provided how your Proxy is to vote on the resolutions. If no indication is given, the Proxy in his discretion will vote as he thinks fit. Please also delete (***) if you do not wish your proxy to vote as he thinks fit on any other resolution brought before the meeting.
5. In the case of a Company/Corporation the Proxy must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association or by a duly authorized Director. In the case of the individual Shareholders, the signature of the Shareholder should be witnessed by any person over 18 years of age.
6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
7. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorized Fund Manager/ Banker with whom the account is maintained.

CORPORATE INFORMATION

DIRECTORATE

Mr. A. M. Pandithage - Chairman
Mr. M. H. Wijewardene - Chief Executive Officer
Mr. M. H. Jamaldeen
Mr. S. C. Ganegoda
Mr. N. L. S. Joseph
Mr. K. D. Kospelawatta
Mr. K. D. G. Gunaratne
Mr. D. K. De Silva Wijeyeratne
Mr. K. T. R. Chitrasiri (Alternate Director to
Mr. S. C. Ganegoda - Appointed w.e.f. 20 April 2022)
Mr. R. S. Kulasuriya (Alternate Director to
Mr. M. H. Wijewardene - Appointed w.e.f. 20 April 2022)

COMPANY SECRETARY

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

MANAGEMENT TEAM

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

STATUS OF THE COMPANY

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

COMPANY REGISTRATION NO.

PQ 104

TAX REGISTRATION NUMBER

104021263

REGISTERED OFFICE

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

REGISTRARS

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

AUDITORS

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

BANKERS

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

LAWYERS

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

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