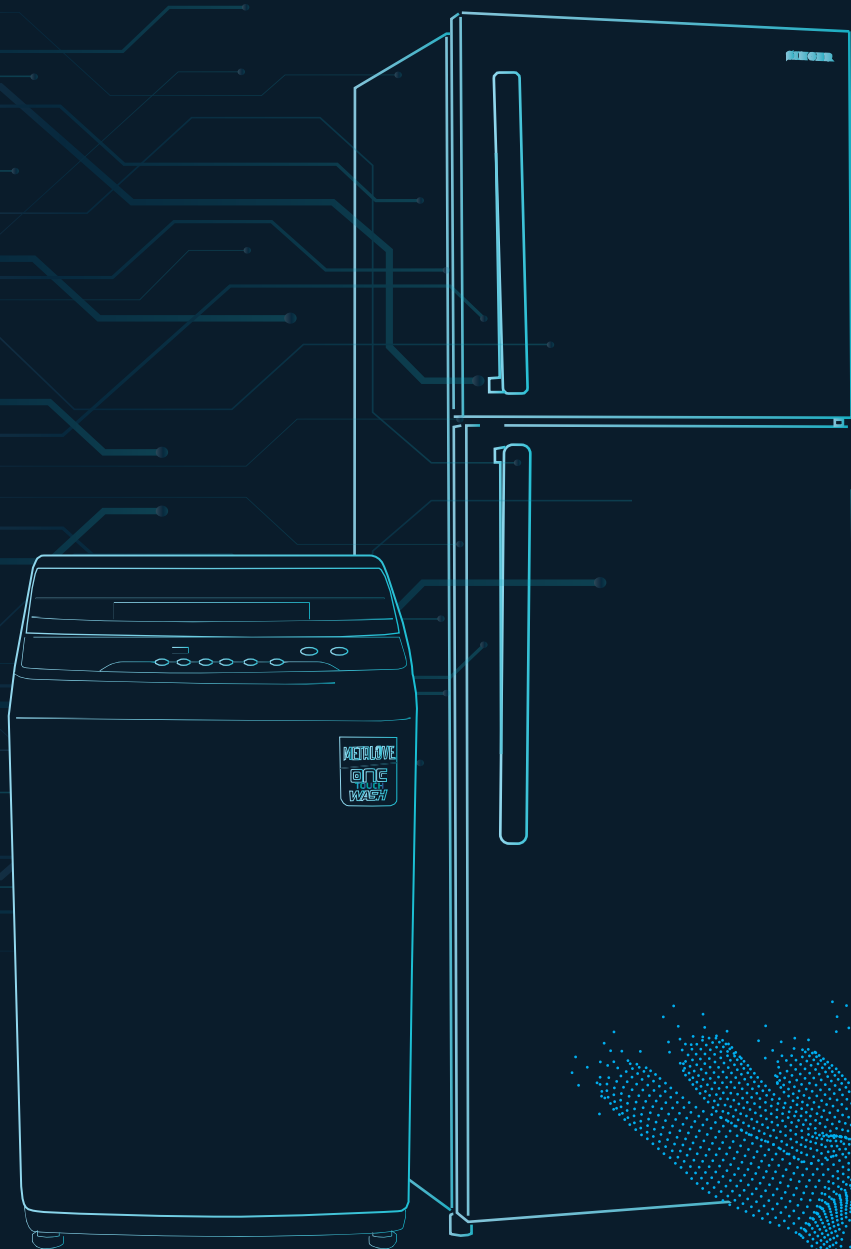


NEW ENERGY PARADIGM



NEW ENERGY PARADIGM

Regnis (Lanka) PLC has consistently demonstrated its unstinted commitment to create energy efficient appliances. We spearheaded the way as the first Company in South Asia to launch refrigerators using the superior coolant - R 600a, which is the most efficient refrigerant available in the world. Over the years our path has been redefined by innovative and energy efficient features such as inverter technology creating superior energy-saving advantages to our customers. The refrigerators manufactured by Regnis lead the way as highly efficient and energy saving refrigerators, having easily surpassed the efficiency levels set by the Sustainable Energy Authority. As a truly Sri Lankan manufacturer we are proud to set new benchmarks. As a futuristic local manufacturer, our innovative path ahead is paved with a strong purpose to create new benchmarks and paradigms of energy savings.

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CHAIRMAN'S STATEMENT

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CORPORATE INFORMATION

INNER BACK

OUR VISION**TO BE AMONG
THE BEST
MANUFACTURERS
OF WORLD-CLASS
WHITE GOODS IN
ASIA PACIFIC****OUR MISSION****TO IMPROVE THE
QUALITY OF LIFE
BY PROVIDING
COMFORTS AND
CONVENIENCES
AT FAIR PRICES****OUR VALUES**

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

OUR OBJECTIVES

- ◆ TO BE THE MARKET LEADER IN OUR PRODUCT AND MARKET SEGMENTS
- ◆ PROVIDE OUR CONSUMERS WITH THE BEST SERVICE IN THE ISLAND
- ◆ PROVIDE OUR CONSUMERS WITH PRODUCTS OF LATEST TECHNOLOGY
- ◆ DEVELOP OUR EMPLOYEES TO ACHIEVE THEIR REAL POTENTIAL
- ◆ PROVIDE OUR SHAREHOLDERS WITH STEADY ASSET GROWTH AND RETURN ON INVESTMENT ABOVE OUR INDUSTRY NORM
- ◆ GROW OUR REVENUE AND PROFITS AT A RATE ABOVE THE CURRENT INDUSTRY NORMS

CONSUMERS

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

EMPLOYEES

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

SHAREHOLDERS

WE PROVIDE A REASONABLE RETURN WHILE SAFEGUARDING THEIR INVESTMENT

SUPPLIERS

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

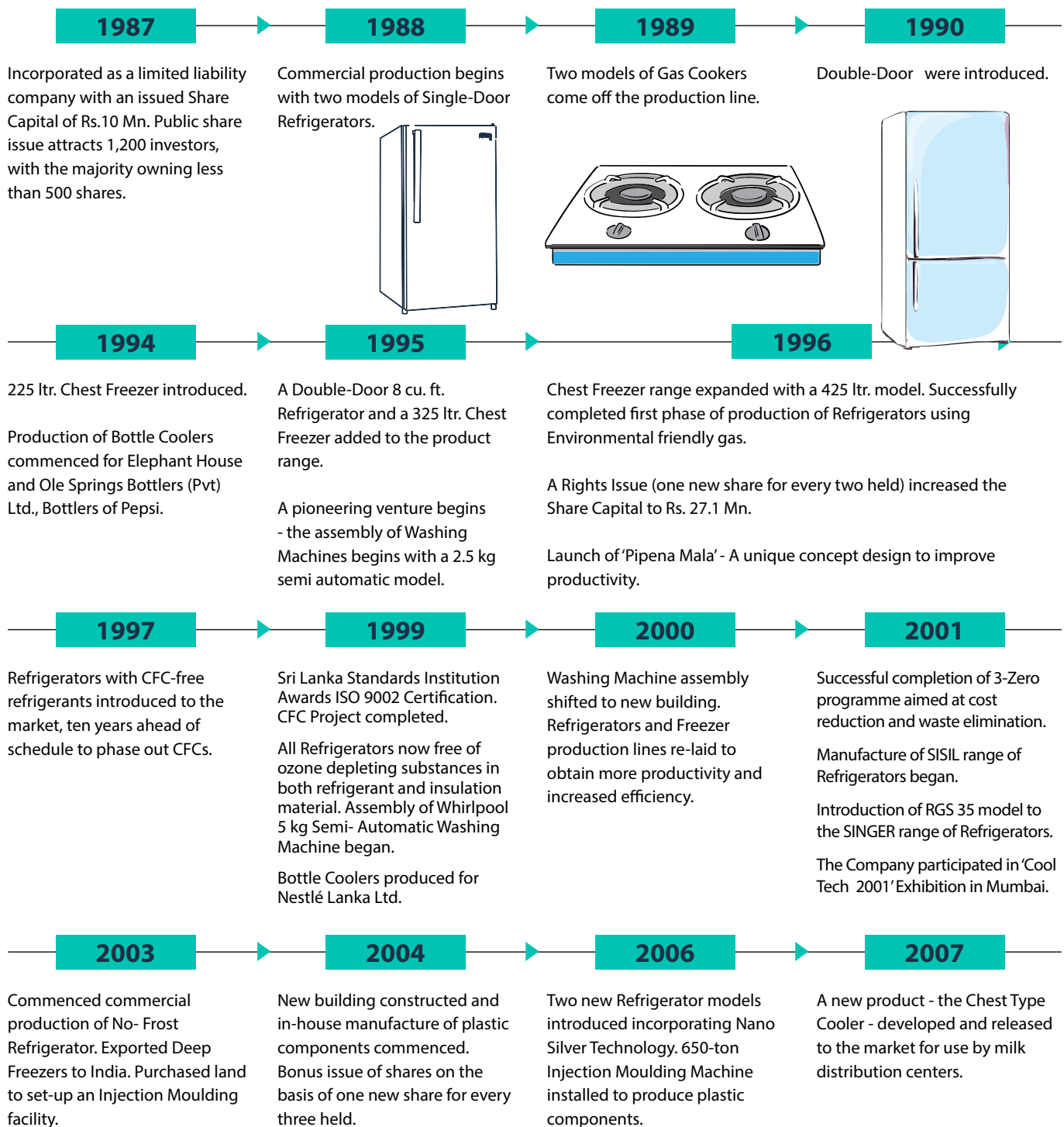
COMPETITORS

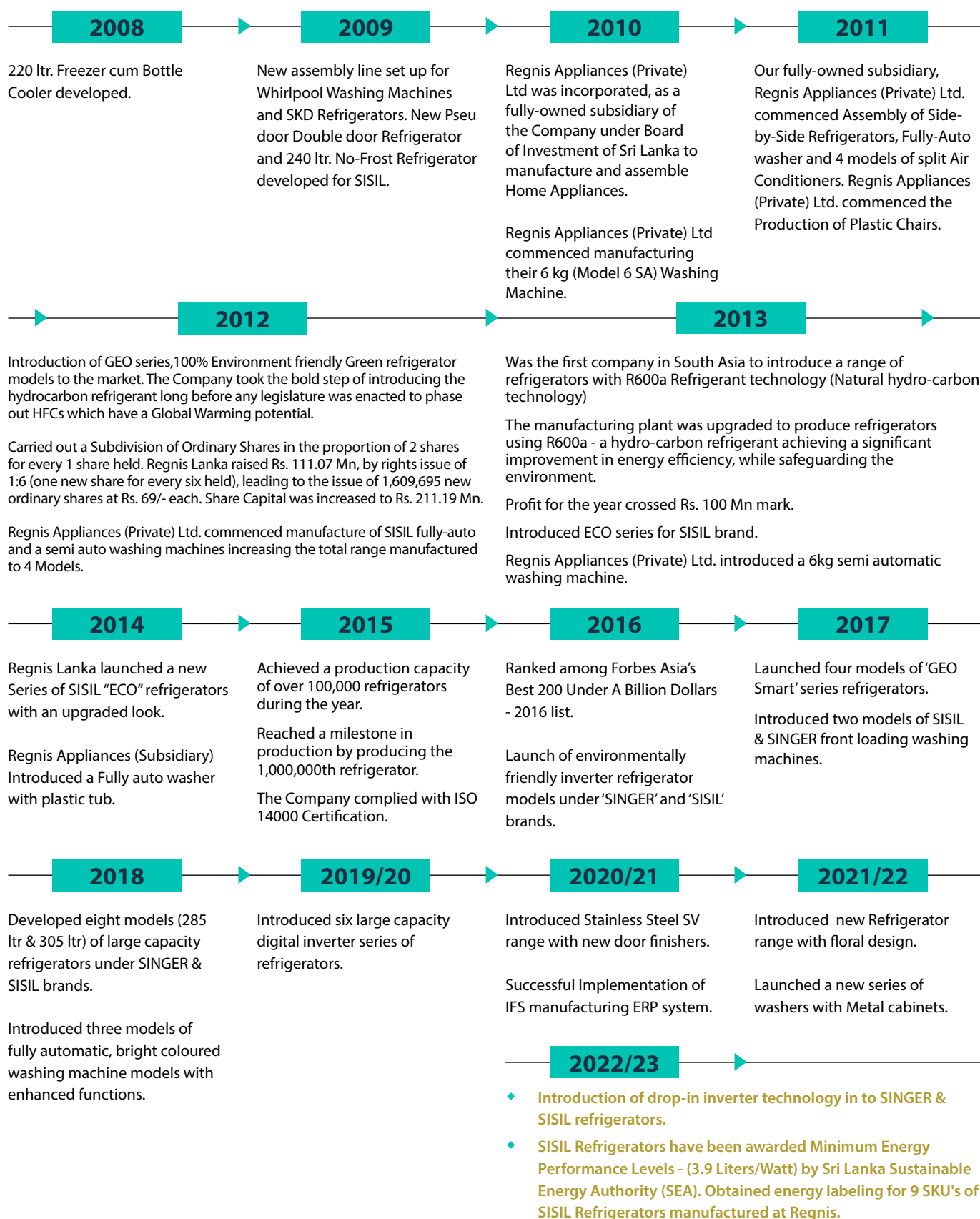
WE RESPECT OUR COMPETITORS AND RECOGNISE THEIR CONTRIBUTION TO MARKET VALUE

COMMUNITY

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

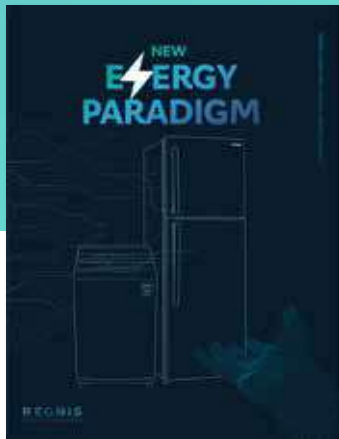
4 HISTORICAL MILESTONES





6 ABOUT THIS REPORT

REGNIS (LANKA) PLC
ANNUAL REPORT 2022/23



REPORTING SCOPE AND BOUNDARY

The Report covers the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances (Pvt) Ltd (collectively referred to as the Group) for the period from 1st April 2022 to 31st March 2023. Both entities are domiciled in Sri Lanka with business interests limited to Sri Lanka. The Group adopts an annual reporting cycle, and this Report builds on our previous Annual Report for the financial year ending 31st March 2022. The financial information presented on pages 121 to 206 of this Report takes a consolidated view and is referred to as Group in the narrative reporting, while non-financial information presented throughout the Report represents that of the Company, given the Company's dominance in the Group structure. There are no major restatements of non-financial information reported in 2021/22.

REGNIS (LANKA) PLC

ANNUAL REPORT 2022 / 23

We are pleased to present the 5th Integrated Annual Report of Regnis (Lanka) PLC which provides a holistic, transparent and concise assessment of how we created value during the year, our strategic imperatives and our performance against financial and non-financial objectives. The theme of our Annual Report – 2022/23 'New Energy Paradigm' reflects the Group's journey in introducing innovative energy saving features across our corporate journey.

This Report aims to place an account of the Company's value creation journey for our stakeholders. Despite the numerous operating challenges over the years, we have maintained our consistent commitment to maintain consistency in our reporting practice, whilst complying with both the quantitative and qualitative reporting disclosures required by the Integrated Reporting Framework (IRF) and Global Reporting Initiative (GRI) Standards.



APPROACH TO REPORTING

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

REPORTING FRAMEWORKS, STANDARDS AND GUIDELINES

Financial Reporting

- ◆ Sri Lanka Financial Reporting Standards/ Sri Lanka Accounting Standards
- ◆ Companies Act No. 7 of 2007

Narrative Reporting

- ◆ Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)

Sustainability Reporting

- ◆ GRI Standards - In Accordance
- ◆ UN Sustainability Development Goals (SDG's)
- ◆ Gender Parity Reporting Framework-CA Sri Lanka

Corporate Governance

- ◆ Listing Requirements of the Colombo Stock Exchange
- ◆ Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka

HOW OUR REPORTING IS ASSURED

The Group Internal Audit function and the Group Audit Committee ensure the integrity of the financial reporting processes and internal controls.

External assurance on the financial reporting has been provided by the Messrs. KPMG. (Page 132)

The integrity of the Sustainability and ESG information presented in this Report is ensured through review by the Sustainability Unit of the Singer (Sri Lanka) PLC

Non-financial assurance/ sustainability assurance is provided by Messrs. Ernst and Young (Page 211)

HOW OUR REPORTING IS ASSURED (<IR> PRINCIPLES)

Strategic focus

Increased disclosures on how we traded-off capitals in delivering our strategy (Page 41)

Comparability and consistency

Comparable information is presented wherever possible

Connectivity

Use of navigation icons and signposting across Report (Page 02)

Materiality

Systematic materiality assessment process (Page 30)

Stakeholder relationships

Chapter on stakeholder dynamic shown concerns & responses (Page 28)

REPORTING IMPROVEMENTS

- ◆ Enhancing the capitals of the Report by identifying stakeholders impacted, connectivity between capitals and linking the relevance of risks / mitigants applicable to each capital.

CAPITALS DEFINED IN THE INTEGRATED REPORTING FRAMEWORK



FINANCIAL CAPITAL



MANUFACTURED CAPITAL



HUMAN CAPITAL



INTELLECTUAL CAPITAL



SOCIAL & RELATIONSHIP CAPITAL



NATURAL CAPITAL

STRATEGIC PRIORITIES



OPERATIONAL EXCELLENCE



INNOVATION



MANAGING RELATIONSHIPS



SUSTAINABILITY

STAKEHOLDERS



SHAREHOLDERS



CUSTOMERS



EMPLOYEES



SUPPLIERS



GOVERNMENT/REGULATOR



COMMUNITIES

FEEDBACK

We value your feedback as it enables us to continuously improve our reporting and we encourage you to forward your comments to:

Chief Financial Officer

Regnis (Lanka) PLC

No 52, Ferry Road, Off Borupana Road, Ratmalana, Sri Lanka

Email kanchanaa@singersl.com

BOARD RESPONSIBILITY

We take great pleasure in presenting the integrated Annual Report, our primary means of communication with our stakeholders. The Board of Directors confirm that the 2022/23 Annual Report addresses all relevant material matters and fairly represents the Group's integrated performance and its ability to generate value in the short, medium and long-term. We also confirm that the Report has been prepared in line with the guidelines presented by the Integrated Reporting Framework. The Report is approved and authorised for publication.

Signed on behalf of the Board,

(Sgd.)

K D Kospelawatta

Director

11th May 2023

8 YEAR IN REVIEW



OPERATING ENVIRONMENT

- ◆ The operating environment of 2022/23 was marked by significant challenges which impacted turnover levels particularly in the last two quarters.
- ◆ Production costs escalated sharply due to the sharp depreciation of the Sri Lanka Rupee.
- ◆ Declining disposable income of customers impacted the demand for consumer durables.
- ◆ Successful in obtaining energy efficiency certification by the Sustainable Energy Authority which classified our refrigerators with energy efficiency features.



STRATEGIC PRIORITIES

- ◆ Managing the production by optimizing efficiency levels and productivity.
- ◆ Managing the supply chain.
- ◆ Maintaining staff retention levels.
- ◆ Ensuring the health and well-being of employees.



PERFORMANCE

- ◆ Managing the production efficiency levels by optimising production output.
- ◆ Managing the supply chain.
- ◆ Ensuring the well-being of employees.

OUTLOOK

SHORT - TERM PRIORITIES

- ◆ Preserving liquidity.
- ◆ Optimising resources.
- ◆ Focus on inventory Management.

MEDIUM TO LONG-TERM HORIZON

- ◆ Enhancing the product range and manufacturing footprint.
- ◆ Creating greater value with innovative products with energy efficiency features.





TAGS AWARDS-SILVER AWARD-2022

Over the years, we have been committed to enhancing our standards of corporate reporting and stakeholder communication activities. The Annual Report has always been an invaluable tool to connect and communicate with our stakeholders. Our efforts were recognised at the TAGS Awards organised by the Institute of Chartered Accountants where our Annual Report 2021/22 themed 'Evolving through Resilience' was recognised with a Silver Award under the Manufacturing Companies (Group turnover upto LKR 10 Bn).



effie awards 2022



SLIM KANTAR PEOPLE'S BRAND OF THE YEAR-SINGER -2023



10 SNAPSHOT OF 2022/23

		GROUP		COMPANY	
		2022/23	2021/22	2022/23	2021/22
FINANCIAL PERFORMANCE					
Revenue - Net	Rs.million	5,526.5	7,272.1	3,722.0	5,244.3
Gross profit	Rs.million	465.0	396.0	367.3	314.4
Operating profit	Rs.million	358.7	348.0	301.1	284.6
Net finance cost	Rs.million	(304.1)	(310.4)	(270.2)	(284)
Profit before tax	Rs.million	54.6	37.5	30.8	1.7
Tax expense	Rs.million	(28.2)	(10.4)	(25.2)	(2.5)
Profit/(loss) for the year	Rs.million	26.3	27.1	5.6	(0.8)
FINANCIAL POSITION					
Property, plant and equipment	Rs.million	1,236.6	1,317.2	1,142.2	1,206.3
Other non current assets	Rs.million	76.0	162.2	200.0	202.2
Current assets	Rs.million	2,941.4	3,422.8	1,964.3	2,519.6
Total assets	Rs.million	4,254.0	4,902.2	3,306.5	3,928.1
Total equity	Rs.million	1,751.0	1,849.2	1,496.8	1,617.9
Non current liabilities	Rs.million	418.0	327.0	409.0	302.0
Interest bearing loans & borrowings	Rs.million	913.0	717.0	736.0	440.0
Other Current Liabilities	Rs.million	1,172.0	2,009.0	664.7	1,568.2
Total liabilities	Rs.million	2,503.0	3,053.0	1,809.7	2,310.2
SHARE INFORMATION					
Highest value recorded during the year	Rs	N/A	N/A	60.40	90.00
Lowest value recorded during the year	Rs	N/A	N/A	35.00	44.00
Market value per share at 31st March 2023 - (31st March 2022)	Rs	N/A	N/A	46.00	54.50
Market capitalisation as at 31st March 2023 -(31st March 2022)	Rs.million	N/A	N/A	1,036.7	1,228.2
PROFITABILITY RATIOS					
Gross margin	%	8.4%	5.4%	9.9%	6.0%
Operating margin	%	6.5%	4.8%	8.1%	5.4%
Net profit margin	%	0.5%	0.4%	0.2%	-0.02%
Return on total assets	%	0.6%	0.6%	0.2%	-0.02%
LIQUIDITY RATIOS					
Current ratio	Times	1.4	1.3	1.4	1.3
Quick asset ratio	Times	0.5	0.6	0.5	0.7
EQUITY RATIOS					
Net asset value per share	Rs	77.7	82.1	66.4	71.8
Earnings/(loss) per share	Rs	1.2	1.2	0.2	(0.04)
Dividend per share	Rs	N/A	N/A	-	-
Dividend pay out	%	N/A	N/A	-	-
Dividend cover	Times	N/A	N/A	-	-
Price earnings ratio	Times	N/A	N/A	185	N/A
Return on equity	%	1.5%	1.5%	0.4%	-0.1%
DEBT RATIOS					
Gearing ratio	%	34.3%	27.9%	33.0%	21.4%
Interest cover	Times	1.0	1.1	1.0	1.0

REVENUE		
Rs. 5.5 Bn		
PY	% Change	Trend
7.3 Bn	25%	↓

GROSS PROFIT		
Rs. 465 Mn		
PY	% Change	Trend
396 Mn	17%	↑

GP MARGIN		
8.4%		
PY	% Change	Trend
5.40%	55%	↑

OPERATING PROFIT		
Rs. 359 Mn		
PY	% Change	Trend
348 Mn	3%	↑

NET FINANCE COST		
Rs. 233 Mn		
PY	% Change	Trend
54 Mn	331%	↑

PBT		
Rs. 55 Mn		
PY	% Change	Trend
37.5 Mn	45%	↑

OPERATIONAL HIGHLIGHTS

11

REGINIS (LANKA) PLC
ANNUAL REPORT 2022/23



Manufactured Capital

PPE
Rs. 1.2 billion
(2021/22- Rs. 1.3 billion)

Refrigerators
53 models

Washing machines
11 models

Rs.24.6 million

Investment in mechanisation and automation

Capacity Utilisation

Refrigerator plant
40%

Washing machine plant
50%

Machine Maintenance cost

Refrigerator Plant
Rs. 24 million

Washing Machine Plant
Rs. 16 million

Annual Production

Refrigerator
Production-46,530 Units

Washing machine
Production-31,190 Units



Human Capital

378 Employees
(2021/22 - 517)

Female representation
4%

Training Hours
1770
(2021/22- 489 Training Hours)

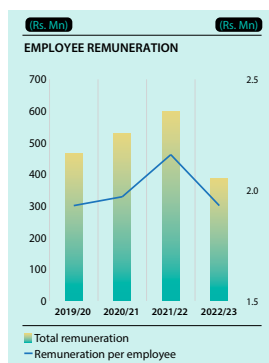
Investment in training
Rs.2.21 million

Retention rate
93%

Promotions
17

New recruits
5

Workplace injuries
8



Social & Relationship Capital

Customer satisfaction
97%

Spent on Local suppliers
60%

Supplier Payments
Rs.5,428 million

Customer Contact Points
416

Customer Satisfaction Ratio
97%



Intellectual Capital

Drop-in inverter technology
2 models

Research and development
Rs. 0.5 million

Minimum Energy Performance
9 SKU'S



Natural Capital

Regnis (Lanka) PLC		2022/23	2021/22
Total energy consumption in kJ (Mn)	kJ	2,900.26	4,040.30
Total energy intensity ratio	kJ/unit	62,330.96	32,375.00
Water consumption	m ³	6,465.00	10,806.00
Water consumption per unit (m ³ /unit)	m ³ /unit	1.34	0.03
Solid Waste generated	MT	61.00	148.00
Carbon footprint	MT	524	823

Regnis Appliance (Pvt) Ltd		2022/23	2021/22
Total energy consumption in kJ (Mn)	kJ	2,619	4,017
Total energy intensity ratio	kJ/unit	83,960	66,071
Water consumption	m ³	4,172.00	5,249.0
Water consumption per unit (m ³ /unit)	m ³ /unit	0.13	0.04
Solid Waste generated	MT	-	-
Carbon footprint	MT	-	-



SINGER METALOVE

FOR THE LOVE OF CLOTHES



Introducing the all-new **SINGER METALOVE** Washing Machine range that is eco-friendly and made to give your clothes the best wash with a host of innovative features.



SINGER®



LETTER FROM THE CHAIRMAN

THE BOARD WAS PROACTIVE IN MONITORING MACRO-ECONOMIC, REGULATORY, POLITICAL AND SOCIAL ISSUES AND ACTIVATING AGILE RESPONSES TO SAFEGUARD THE INTEREST OF THE COMPANY AND STAKEHOLDERS. OTHER KEY FOCUS AREAS DURING THE YEAR COMPRISED PRODUCTION CAPACITY MANAGEMENT AND MIX OF PRODUCTION GOODS TO OPTIMIZE OUTPUT IN RESPONSE TO MARKET DEMAND, AVAILABILITY OF INPUT, COST OF PRODUCTION AND COST OF FUNDS, EMPLOYEE WELL-BEING AND SHAREHOLDER RETURNS.

Dear Shareholders,

It gives me immense pleasure to reflect back on the grace with which Regnis (Lanka) PLC rose to the challenges presented by a year marked by unprecedented uncertainty and volatility. Our decades long business acumen and collective perseverance enabled us to deliver on our shareholder commitments, amidst the challenges that defined the bygone year. As a result, the Group made considerable operational progress despite numerous external challenges, maintaining its leadership position and building a future-fit product portfolio. It is my pleasure to present you the Annual Report and Financial Statements for the year ended 31st March 2023.

OPERATING CONTEXT

The financial year 2022/23 was marked by several dynamic shifts across many spheres of the operating landscape which tested the mettle of many corporates. The success and performance of the business sector largely depended on the ability to pivot with agility to these rapidly shifting dynamics in the environment. This necessitated many corporate leaders to lead with empathy whilst inspiring their teams to traverse through a complicated business terrain.

Sri Lanka faced significant macro-economic pressure with all key economic indicators moderating during the year. The free float of the exchange rate by the Central Bank of Sri Lanka in March 2022, led to the Sri Lankan Rupee depreciating sharply, driving up prices of imported goods and locally manufactured goods with import inputs. Significant depletion of official foreign exchange reserves and net foreign assets in the banking system was one of the most defining challenges we faced. To preserve foreign currency liquidity in the market, import restrictions were imposed on a wide range of imported items including raw materials vital for our production processes. The consistently high inflation levels exerted significant pressure on households creating a reduction in the demand for the Company's products. All these externalities cascaded to create a direct impact on our business operations. The most defining factor was the deterioration of the purchasing power of our customers which created a decline in our turnover levels. Conversely, restrictions on imported luxury goods meant that there was greater demand for locally manufactured items, which helped supplement our volumes and margins to a considerable extent.

During the year we prudently deferred capital investments, as greater strategic focus was placed on ensuring the continuity and sustainability of our operations whilst safeguarding the well-being of our

employees. With the country converging on the path towards encouraging recovery, particularly with the finalisation of the Extended Fund Facility with the International Monetary Fund, we continued to take a long-term view on our strategy.

POWER OF GOVERNANCE AND LEADERSHIP

Regnis (Lanka) PLC leveraged the strength of its governance framework and effective leadership at both the Board and Management levels in navigating the business through turbulences. The governance framework, processes and procedure were fortified by the oversight of Regnis (Lanka) PLC's ultimate parent Hayleys PLC Sri Lanka's largest and most diversified conglomerate. There was strong synchronisation between the Board of Directors and the Executive leadership towards deciding on the best courses of action in response to the rapidly shifting operating environment, whilst preserving and enhancing the value created by the Company. The Board was proactive in monitoring macro-economic, regulatory, political and social issues and activating agile responses to safeguard the interest of the Company and stakeholders. Other key focus areas during the year comprised production capacity management and mix of production goods to optimize output in response to market demand, availability of input, cost of production and cost of funds, employee well-being and shareholder returns.

SUSTAINED VALUE TO OUR SHAREHOLDERS

Notwithstanding the decline in demand which was reflected in a 24% reduction in revenue, the Regnis Group posted a post-tax profitability of LKR 26 Mn, only marginally lower compared to the prior year. This is commendable performance considering the operating context as well as the increase in corporate taxes. Gross and Operating profits increased compared to the prior year, reflecting timely pricing and margin adjustments that were affected during the review period. Key shareholder metrics of Return on Equity and Earnings per Share closed in at 1.5% and Rs.1.20 respectively for 2022/23.

SUSTAINABILITY FOCUS

As a manufacturing entity, we are cognisant of the strong inter-connectedness we maintain with the environment by way of the natural resources that we use, emission we generate as well as the impact of our products. Our efforts are further sharpened by the Hayleys Group's environmental, social and governance pledge captured in the Hayleys Lifecode. During the year, we made considerable progress in further reducing the use of non-biodegradable Styrofoam packaging by migrating to paper-pulp packaging. Nine SKUs of Regnis (Lanka) PLC attained energy efficiency status from the Sri Lanka Sustainable Energy Authority and we continue to introduce energy efficient products to the market with added vigour.

WAY FORWARD

Global growth levels are expected to moderate in 2023, reflecting the persistent underlying price pressures, financial and geopolitical tensions. This slowdown will have a significant impact in advanced economies in view of the tight policy stance required to manage inflation leading to a ripple effect across emerging markets and developing economies through weaker consumer sentiment, lower household spending and possible capital outflows.

On the domestic front, we are cautiously optimistic of the country's economic revival with the assessment that present challenges and risks will remain so in the near term before conditions can return to pre-economic crisis levels. The approval of an Extended Fund Facility by the IMF together with coordinated policy interventions to restore macro-economic stability have set Sri Lanka's economy on a path to recovery, with the economy expected to record an expansion in 2024.

Though slow, gradual and steady progress is observed in a number of key economic parameters such as inflation which is easing out on account of moderating external pressures, normalisation of supply-side factors and lower disposable income following the increases in tax. Interest rates are also on a gradual decline, a result of easing inflation, reduction in the high-risk premia attached to

debt restructuring concerns and effectiveness of the tightening monetary policy adopted by the Central Bank of Sri Lanka. The Sri Lankan Rupee is also expected to gradually stabilize towards the latter part of 2023, given more positive market sentiments, restoration of macro-economic stability and an anticipated improvement in external sector activity. In such a scenario, we will continue to evaluate potential impact on our demand levels, liquidity position, profitability, operational costs and efficiencies and the adequacy of our risk and governance practices in a bid to optimize the value generated by our operations.

More strikingly, we will continue to build on our innovative prowess as South Asia's pioneer in using the superior coolant - R600a refrigerant in refrigerators manufacturing, whereby we will create new benchmarks and paradigms of energy saving through our products.

ACKNOWLEDGEMENT

As I reflect back on a year where we proved our true mettle in surmounting challenges, I wish to express sincere gratitude to my fellow Board members for their valuable counsel in navigating Regnis Lanka through the hardships. My heartfelt appreciation goes out to the Group CEO Mr. Mahesh Wijewardene, Factory Director – Associate Companies Mr. Kelum Kospelawatta and the entire Regnis Team for their remarkable resilience and continued support in preserving the legacy of Regnis Lanka amidst the toughest of times. I also express my sincere thanks to all our customers who are an integral part of our success for placing their trust in us, and all other stakeholders such as our suppliers and shareholders for their respective contribution and support.

(Sgd.)
Mohan Pandithage
Chairman



GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

UNDETERRED BY THE CHALLENGES, WE CONTINUED TO ACHIEVE OPERATIONAL EXCELLENCE THROUGH THE TOTAL PRODUCTIVITY MAINTENANCE INITIATIVE. OUR TEAM WITH THEIR DEEP KNOWLEDGE AND EXPERIENCE IN OPERATIONAL PROCESSES TOGETHER WITH THEIR CONSCIOUSNESS OF THE HARDSHIPS FACED BY THE BUSINESS, WAS INSTRUMENTAL IN PROACTIVELY EXPLORING AND IMPLEMENTING NEW MODES TO ACHIEVE GREATER PROCESS EFFICIENCIES AND ENHANCED PRODUCTIVITY.

Dear Stakeholder,

Regnis (Lanka) PLC drew remarkable strength from its leadership, committed team and business prowess to maintain its position as Sri Lanka's leading manufacturer of refrigerators and washing machines, demonstrating resilience through the numerous challenges that prevailed during the year.

PERFORMANCE OVERVIEW

All key macro-economic factors deteriorated during the year, directly affecting performance of the Company. Most significant impacts were on demand for our products and all cost components, which ultimately weighed down profits. Reflecting the wider deterioration of consumer purchasing power, a condition in which purchase of consumer durable goods are the first to be deferred, our sales volumes dropped in both refrigerators and washing machines substantially. This translated in to reduced consolidated revenue at group level by 24% to LKR 5.5 Bn. Administrative expenses saw a noticeable increase due to inflationary pressure, outdoing cost savings achieved by the Company through various cost rationalization initiatives. Selling and distribution expenses more than doubled over the prior year due to sales promotions that continued through the year and of high fuel prices, which saw multiple increases through the year. The resultant operating profits clocked in at LKR 359 Mn, a marginal but encouraging growth of 3%. Given high market interest rates and challenging liquidity levels which necessitated recourse to market borrowings, the Company's interest expenses on short term borrowings increased significantly. Profitability at pre-tax levels was LKR 54.5 Mn, a 45% increase. Total tax charge increased in tandem, at a corporate tax rate of 20%/30% compared to 18% of prior year bringing post tax profitability to LKR 26.3 Mn. The Company's strength was underpinned by a strong balance sheet, with total assets of LKR 4.3 Bn, 41% of which was funded by equity capital.

AN AGILE STRATEGY AT WORK

The space at which the external environment evolved and the range of its impact demanded agile strategies at work. Regnis Lanka was swift in its responses to such evolving conditions and prioritized on deploying tactical changes to its strategy, in a bid to ensure the stability and sustainability of the business. As demand for our products declined, we rationalised our production capacities to ensure that healthy levels of stock were maintained. The import restrictions imposed on consumer durable goods meant greater market

opportunities for us, which we aptly capitalized on. We focused on managing our working capital cycles so as to ensure adequate liquidity as well as manage our financing costs in a high interest rate environment. Understandably, investments and innovations were scaled-back during the year. Nevertheless, the Company continued to generate value to the country and its citizens by leading the market as Sri Lanka's leading manufacturer of refrigerators and washing machines thereby making luxury affordable for our citizens under the nationally significant proposition, "Ape Dethin Ape Ratata".

Undeterred by the challenges, we continued to achieve operational excellence through the Total Productivity Maintenance initiative. Our team with their deep knowledge and experience in operational processes together with their consciousness of the hardships faced by the business, was instrumental in proactively exploring and implementing new modes to achieve greater process efficiencies and enhanced productivity.

Demonstrating uncompromised equilibrium maintained in all round performance even amidst challenges, we continued our environmental and social empowerment initiatives. As elaborated under the Chairman's Message, the Company continued to strongly integrate all its processes and products in preserving our eco-systems. Our contribution to the society was featured in continued donations of refrigerators to needy and high impact points such as the Apeksha Hospital, Castle Street Hospital for Women and religious places.

THE POWER OF REGNIS TEAM

The resilience of our business centers on multiple factors, and our team is critical amongst them. I am encouraged by the commitment and perseverance the team has demonstrated for consecutive years marked by unique challenges and their loyal contribution to Regnis Lanka. It was rewarding to observe how the team embraced the challenges, was cognizant of their impacts and rallied around ensuring that their company continued to perform with stability and dignity. We took exceptional care of our team. We ensured

job security and financial well-being of all our employees with no layoffs or salary curtailments. Training and development initiatives continued during the year with six hours of average training hours per employee for the year. A number of employee engagement and volunteerism initiatives were also carried out during the year to enhance the team spirit and togetherness. "Sustainability through cultivation" was one such initiative in which our employees cultivated vegetables and grains in bare land available across our premises which also served as a source of free fresh produce with the harvest distributed among the employees.

WAY FORWARD

With the economic, political and social factors which were previously under severe stress now showing signs of gradual recovery, we are hopeful for the long term. In the immediate term, our focus will be on ensuring the continuity of our operations amidst the environment of low demand, high cost of raw materials, severe competition and other pronounced challenges that affect our performance. Ensuring physical and emotional well-being of our team and delivering on our promise towards environmental sustainability will be other priorities. We will continue to fortify our position as Sri Lanka's leading manufacturer of refrigerators and washing machines with innovation being a key driver of same. We remain committed in bringing affordable luxury to our citizens and enhancing the quality of their lives with the richness of our products.

ACKNOWLEDGEMENTS

As we look forward to a year of hope, I wish to extend my heart-felt appreciation to the Chairman Mr. Mohan Pandithage and the Board of Directors for their guidance and insights through times of heightened challenges. I also place on record my

appreciation to Mr. K.T.R. Chitrasiri who resigned from the Board during the year. I extend my gratitude to Mr. Kelum Kospelawatta, Factory Director – Associate Companies, and the Regnis team for their contribution in enabling the Company to maintain its industry leader position. I also take this opportunity to thank our valued customers for welcoming our products to their lifestyles, shareholders, business partners and other stakeholders for their continued support.

(Sgd.)

Maresh Wijewardene

Group Chief Executive Officer



Left to right:

Mr. Abdul Cader Mohamed Irzan

Mr. Sarath Clement Ganegoda

Mr. Abeyakumar Mohan Pandithage (Chairman)

Mr. Dilip Kumar De Silva Wijeyeratne

Mr. Vithanage John Shanil Perera



Left to right:

Mr. Noel Laxman Sanath Joseph

Mr. Mahesh Hiranya Wijewardene

Mr. Mohamed Hisham Jamaldeen

Mr. Kalupathiranalage Don Gamini Gunaratne

Mr. Kelum Deshapriya Kospelawatta

MR. ABEYAKUMAR MOHAN PANDITHAGE**Executive Chairman**

Mohan Pandithage currently serves as the Chairman and Chief Executive of Hayleys PLC, a position he has held since his appointment in July 2009.

Appointed to the Board of Regnis (Lanka) PLC on 2nd October 2017.

As an accomplished industry veteran and respected leader in the field of transportation and logistics, he was honoured with the prestigious 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers, in recognition of his outstanding contributions to the industry. Additionally, he was presented with a Lifetime Achievement Award by the Seatrade-Sri Lanka Ports, Trade and Logistics (SLPTL). He was the first Sri Lankan to be awarded the Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport (CILT). He was also inducted as a 'Legend of Logistics' by the Sri Lanka Logistics and Freight Forwarding Association, in acknowledgement of his invaluable services to Sri Lanka's logistics industry.

Mr. Pandithage serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. He is a Fellow of the Chartered Institute of Logistics and Transport (UK) and a Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA). He also serves as a Council Member of the Employers' Federation of Ceylon.

As an Executive Chairman of multiple companies within the Hayleys Group, Mr. Pandithage possesses extensive leadership experience across a broad spectrum of industries. Presently, he holds the position of Executive Chairman at Dipped Products PLC, Haycarb PLC, Hayleys Fibre PLC, Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC, Horana Plantations PLC, Hayleys Fabric PLC, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, The Kingsbury PLC, Hayleys Leisure PLC and Unisyst Engineering PLC. He also serves on the Board of Diesel & Motor Engineering PLC.

MR. MAHESH HIRANYA WIJewardene**Group Managing Director/Group Chief Executive Officer**

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

Mr. Mahesh Wijewardene was appointed to the Group Management Committee and also as an Executive Director and the Group Chief Executive Officer of Singer (Sri Lanka) PLC and its subsidiary companies with effect from 1st November 2018. He was appointed to the Singer (Sri Lanka) PLC Board on 1st June 2006. 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 currently serves in the Executive Council of Sri Lanka Retailers' Association and a Member of the International Chamber of Commerce - Policy Committee. Mr. Wijewardene served as the past Chairman of Ceylon Chamber of Commerce - Import Section and Sri Lanka - China Business Council.

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

MR. SARATH CLEMENT GANEGODA**Non - Executive Director**

Appointed to the Board on 2nd October 2017.

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

Has responsibility for the Strategic Business Development Unit, Group Information Technology of Hayleys PLC and appointed as the Deputy Chairman of Alumex PLC in October 2020. He serves on the Boards of Unisyst Engineering PLC, Dipped Products PLC, Haycarb

PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, The Kingsbury PLC, Horana Plantations PLC and Hayleys Leisure PLC.

MR. MOHAMED HISHAM JAMALDEEN**Independent Non - Executive Director**

Appointed to the Board on 2nd October 2017.

Mr. Jamaldeen 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 were 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 recognized by Echelon as a trail blazer and disruptor in the investments sector for his contribution towards the sector.

He further serves as the Executive Director of Lanka Realty Investments PLC, Managing Director of On'ally Holdings PLC, and functions as the Non-Executive Director of Hayleys PLC, Singer Industries (Ceylon) PLC, Haycarb PLC and Talawakelle Tea Estates PLC. He was a former director of People's Bank, Aromatic Energy Board (Director) and a Member of the Interim Committee for Sri Lanka Cricket. He is the current Treasurer at Moors Sports Club.

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

MR. DILIP KUMAR DE SILVA WIJAYERATNE

Independent Non-Executive Director

Appointed to the Board on 1st May 2018.

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

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

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

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

MR. NOEL LAXMAN SANATH JOSEPH

Independent Non-Executive Director

Appointed to the Board on 2nd October 2017.

He holds over 32 years of multi-faceted experience in engineering and engineering consultancy in Sri Lanka and internationally. He has held senior positions in organizations 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 (ASHRAE)-USA. Institute of Incorporated Engineers-SL (MIIESL). Incorporated Engineer -SL (IEng)

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

MR. KALUPATHIRANALAGE DON GAMINI GUNARATNE

Independent Non - Executive Director

Appointed to the Board on 2nd October 2017.

He presently serves as Chairman of Lanka Hotels and Residencies (Pvt) Ltd (Sheraton Colombo), Board Member of Swisstek Ceylon PLC, Hayleys PLC, Dipped Products PLC, Lanka Walltiles PLC, Lanka Tiles PLC, Lanka Ceramic PLC, Horana Plantations PLC and SLIIT International (Pvt) Ltd. Previously he has served as Vice Chairman of the National Water Supply and Drainage Board.

In addition, he holds a certificate in Management Acceleration from INSEAD Business School in Fontainebleau, France and a certificate in Hotel Revenue Management from Cornell University, USA.

MR. KELUM DESHAPRIYA KOSPELAWATTA

Executive Director

Appointed to the Board on 15th October 2014.

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

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

He currently serves as Senior Vice Chairman of Industrial Association of Sri Lanka and a Member of the National Labour Advisory Committee.

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

ABDUL CADER MOHAMED IRZAN

Alternate Director to Mr. K D Kospelawatta

Appointed to the Board on 22nd January 2019.

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

Mr. Irzan has held senior Management position in Regnis (Lanka) PLC and Singer Industries (Ceylon) PLC, as Factory Controller/Chief Financial Officer since 2002 to 2015 (close to 13 years).

Mr Irzan is the Head of Manufacturing Finance and Treasury of Singer (Sri Lanka) PLC and has over 25 years' experience in the Group.

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

MR. VITHANAGE JOHN SHANIL PERERA

Alternate Director to Mr. M H Wijewardene

Appointed to the Board on 20th April 2022.

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

He is a senior strategic Marketing professional having over 16 years of experience in Sri Lanka and Singapore working in local and multinational FMCG, Apparel and Consumer Durable companies.

He currently serves as the Marketing Director of Singer (Sri Lanka) PLC and specializes in brand building & marketing management with experience in global marketing.



K D KOSPELAWATTA
Factory Director



W K A P WETTEWA
Factory Manager - Regnis Appliances (Pvt) Ltd



S EDIRISINGHE
Senior Manager-Human Resources



M RANASINGHE
Senior Materials Manager



K K ATUKORALA
Manager-Financial Reporting



A AMARASINGHE
Senior Warehouse Manager



M D D PRABHATH
Senior Production Manager



D R SANKHA BANDARA
Senior Commercial Manager



A S KENDASINGHE
Senior Manager-Information Technology

**G K G R LAKMALI**

Accountant

**D W P KANDAGE**

Senior Engineer-Quality Assurance

**R G L S RAJAPAKSHA**

Factory Engineer

**I K C A P ILUPPITIYA**

Assistant Accountant-Regnis Appliances (Pvt) Ltd

**D H S R MADHUSANKHA**

Senior Accounts Executive-Regnis Appliances (Pvt) Ltd

**S A W M R S C ARANWELA**

Commercial Executive

**O S KAPILASIRI**

R & D Executive

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

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

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

Our Products

Elevating Sri Lankan lifestyles

SINGER/SISIL
Refrigerators

53

models

SINGER/SISIL

Washing machines

11

models



OUR SOCIO-ECONOMIC IMPACT

As a truly Sri Lankan manufacturer, Regnis Group has contributed to the socioeconomic progress of the country. We manufacture refrigerators and washing machines under the SINGER and SISIL brands. The price competitiveness of our products along with our extensive geographical reach and trusted brand reputation has enabled us to significantly elevate the lifestyles of all Sri Lankans in both urban and rural markets. In an era marked by import restrictions, our world - class products have enabled Sri Lankans to purchase superior refrigerators from a trusted company thus creating savings in foreign exchange. Over the years we have refined our products with several new innovations to match the evolving expectations of our discerning customers.

Pioneering the way with eco-friendly features, SINGER/SISIL refrigerators introduced the use of the superior R600a refrigerant almost ten years ago. This environmentally friendly refrigerant has since become the standard in the South Asian region, with other vendors & brands following suit. SINGER/SISIL refrigerators are also among the most efficient and energy-saving on the market.

Tax contribution
Rs 1.1 BN

Employment
opportunities to
378

Suppliers
250

Estimated market
penetration
Refrigerators - **67%**
Washing machines - **25%**

WHAT SETS US APART

BRAND

The SINGER brand is one of the most trusted and reliable, brands, with an established track record of over 143 years

People's Brand of the Year 2022

at SLIM-KANTAR People's Awards for the
17th consecutive year

ESG FOCUS

We are driving concerted efforts to minimise our environmental footprint in our operations and by introducing responsible packaging and energy savings

STRENGTH IN DISTRIBUTION

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

PRODUCT

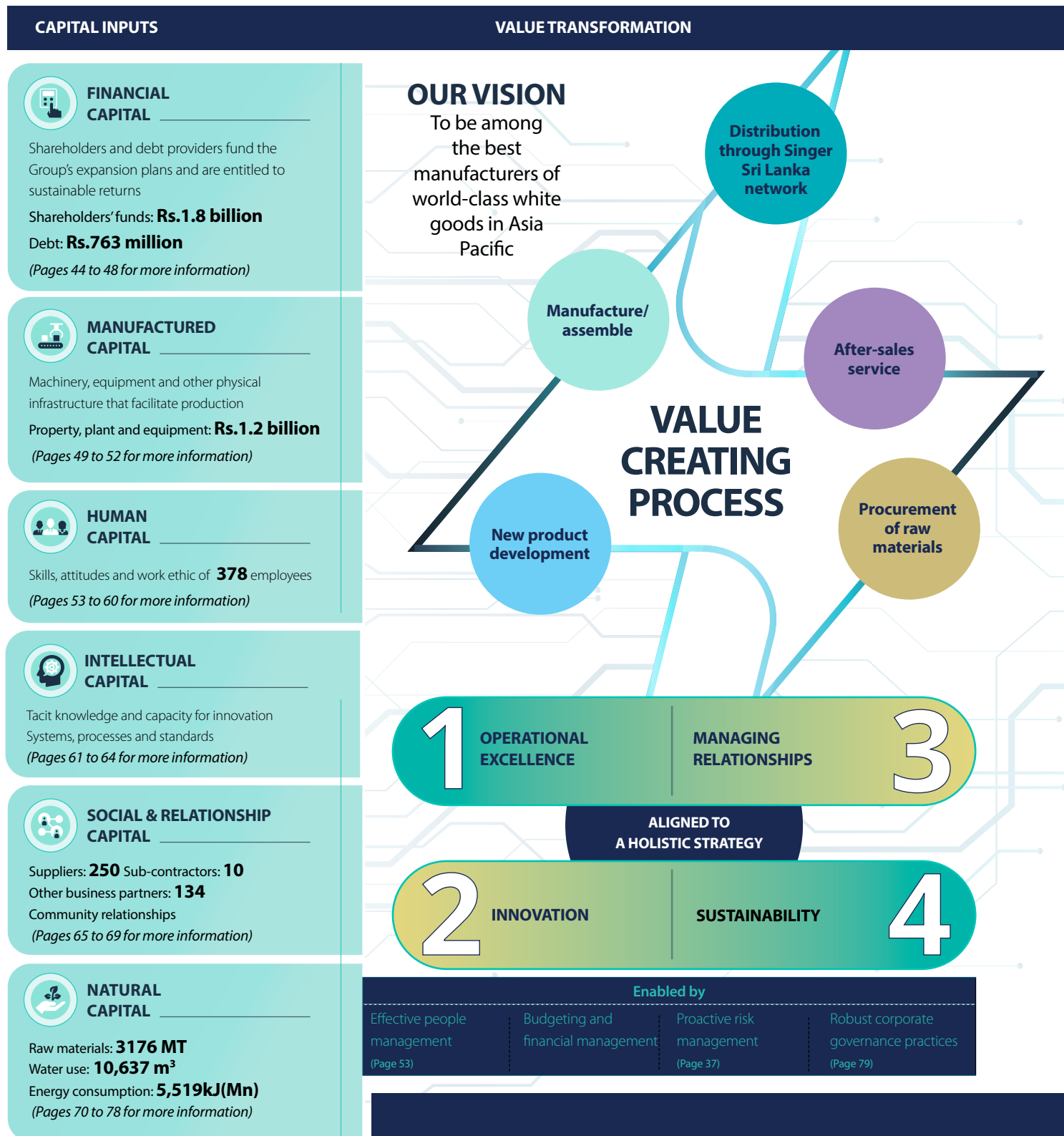
The Group offers an array of refrigerators and washing machines, which comply to the highest standards of quality

53 Refrigerators 11 Washing machines

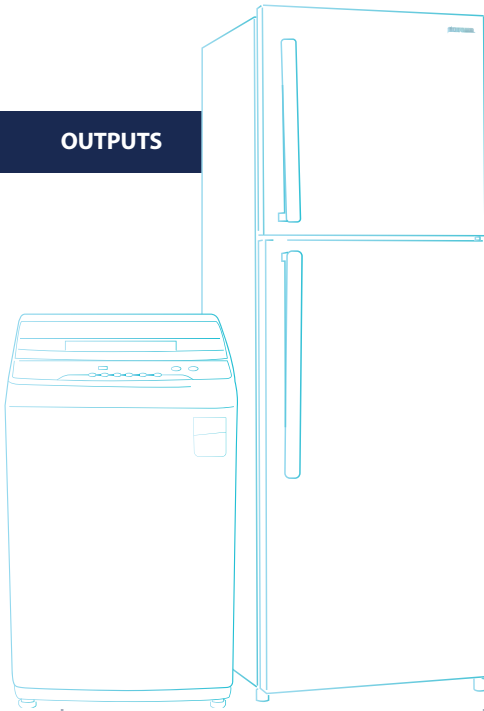


VALUE CREATION MODEL

The Group's value creation model as depicted below is a graphical representation of the resources and relationships we rely on (capital inputs) and how we transform these inputs through our value creation process to generate outputs and outcomes. This transformation results in the creation, preservation and/or erosion of value. Further details on this transformation is available in the Capital Management section on pages 44 to 78 of this Report.



OUTPUTS

**47,888**refrigerators
manufactured**30,794**washing machines
manufactured/assembled**566.5 MT**other components
manufactured**DELIVERED THROUGH
3 PRODUCT LINES**

PERFORMANCE OUTCOMES



Generating sustainable shareholder value

- + Profit after tax: **Rs. 26 million (-4%)**
- + Market capitalisation growth: **(-16%)**

(Pages 44 to 48 for more information)

**FINANCIAL
CAPITAL**

- + Capacity utilisation: **Refrigerator Plant: 40%**
Washing Machine Plant: 50%

- + Investment in mechanization and automation: **Rs. 24.6 million**

- + Volume growth: **Refs. (-62%), Washers (-49%)**

(Pages 49 to 52 for more information)

**MANUFACTURED
CAPITAL**

Creating a conducive, dynamic and rewarding work environment

- + Total payment to employees : **Rs. 479 million**

- + Investment in training: **Rs. 2.12 million**

- + Employee retention: **93%**

- + Injuries: **8**

(Pages 53 to 60 for more information)

**HUMAN
CAPITAL**

- + Maintained market leadership position in both
refrigerators and washing machines

(Pages 61 to 64 for more information)

**INTELLECTUAL
CAPITAL**Maintained proactive, mutually-beneficial and equitable
relationships with stakeholders

- + Supplier payments: **Rs. 5,428 million**

- + Payments to sub-contractors: **Rs. 74 million**

- + Community investments: **Rs. 0.8 million**

(Pages 65 to 69 for more information)

**SOCIAL &
RELATIONSHIP
CAPITAL**

- + Waste generated: **61 MT**






- + Carbon footprint: **524 MT**






(Pages 70 to 78 for more information)

**NATURAL
CAPITAL**

28 STAKEHOLDER DYNAMICS

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

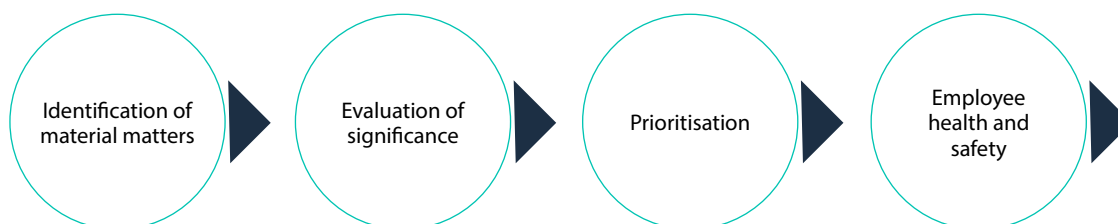
					
	93% Employee Retention Rate	Participated Virtually	12 New suppliers added	Zero incidents of non-compliance	Zero community grievances reported
	Employees	Shareholders	Suppliers	Government/Regulator	Communities
Importance	We employ over 5 people who are engaged in manufacturing and support functions. We provide them an attractive proposition to keep them motivated, as they are key to driving our performance.	Majority shareholder is Singer (Sri Lanka) PLC (58.29%); remainder held by institutional (16.61%) and Individuals (25.1%) shareholders.	Over 250 reliable suppliers and 10 sub-contractors through whom we source raw materials in order to carry out our operations	The government facilitates a conducive environment for entities to carry out business activities. The Group's key regulators are the Inland Revenue, local authorities, Central Environmental Authority and Customs	The communities in and around our operating location and the broader society across the country
Key concerns	<ul style="list-style-type: none"> ◆ Attractive remuneration and reward schemes ◆ Financial security ◆ Opportunities for training and career development ◆ Safety and dignified workplace ◆ Job security 	<ul style="list-style-type: none"> ◆ Implications of the macro-economic conditions on performance and stability ◆ Growth prospects ◆ Business continuity ◆ Corporate governance and risk management practices ◆ Transparent communications ◆ Returns commensurate with the risks undertaken 	<ul style="list-style-type: none"> ◆ Opportunities for economic development and business growth ◆ Ease of transacting ◆ Constructive feedback ◆ Sustainable and profitable relationships 	<ul style="list-style-type: none"> ◆ Compliance with regulatory requirements ◆ Timely payment of regulatory dues and taxes ◆ Local value addition ◆ Environmental and social implications ◆ Fair treatment of employees ◆ There were no incidents of non-compliance with laws and regulations during the reporting year 	<ul style="list-style-type: none"> ◆ Socioeconomic development in country ◆ Employment opportunities ◆ Empowering livelihoods and community development ◆ Environmental preservation

					
	Employees	Shareholders	Suppliers	Government/ Regulator	Communities
Channels of Engagement	<ul style="list-style-type: none"> ◆ Collective agreements with trade unions (90% of our employees are covered by collective agreements) ◆ Annual Performance appraisals ◆ Active engagement ◆ Grievance mechanism ◆ Continuous Staff meetings ◆ Work-life balance initiatives 	<ul style="list-style-type: none"> ◆ Annual General Meeting ◆ Quarterly Investor forums ◆ Annual Report ◆ CSE Announcements 	<ul style="list-style-type: none"> ◆ Site visits ◆ One to one engagement ◆ Written communication 	<ul style="list-style-type: none"> ◆ Engagement at industry forums and corporate engagement platforms ◆ Written communications ◆ Face to face interactions 	<ul style="list-style-type: none"> ◆ CSR activities ◆ Community grievance mechanisms ◆ Other sponsorships
Our response	Strategic management of HR processes (More on page 53 Human Capital)	Shareholder value creation is directly linked to all four strategic pillars (More on page 44 Financial Capital)	Disruptions to supply chains was a key challenge during the year and we proactively engaged with our suppliers to ensure there were minimal disruptions (More on page 65 Social & Relationship Capital)	Established processes to ensure full compliance to all relevant regulatory requirements (More on page 65 Social & Relationship Capital)	As a good corporate citizen, we operate responsibly and sustainably, while addressing issues that are material for our local communities (More on page 65 Social & Relationship Capital)

30 MATERIAL TOPICS 2022/23

The material matters represent issues that can potentially impact the Group's financial performance, sustainability and ability to generate value for our stakeholders. Material matters are identified based on information and feedback received from ongoing stakeholder engagement, changes in the operating landscape along with new developments in the global environment. These material matters are continuously reassessed. Matters to evaluate the relevance to ensure significant economic, social and environmental aspects that impact Regnis (Lanka) PLC are addressed on a proactive manner.

The Group's material matters form the anchor of this Report as it determines the key information needs of our stakeholders. The material topics given below are a combination of those prescribed by the GRI guidelines and factors specific to our operating environment, value creation model and strategy.



The uncertainty and volatility that stemmed from economic crisis in 2022/23 led to several macro-economic implications during the year under review. The Company's materiality landscape reflects the heightened risks and changes in the dynamic operating environment. The material topics for 2022/23 are presented below.

No.	Material topic and why it is material to us	Organisational Impact	Impact on Stakeholders	Stakeholders Impacted	Strategic Relevance	Corresponding GRI Topic	Topic Boundary
1	Macroeconomic challenges in the local economy The economic crisis in Sri Lanka led to a severe shortage in foreign currency liquidity which created import restrictions. Some of the components needed for the manufacture are imported and shortage of raw materials hampered the production process.	<u>High</u>	<u>High</u>	Shareholders Employees	Operational Excellence	GRI 201: Economic Performance 2016	Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
2	Exchange rate fluctuations The sharp depreciation of the Sri Lankan Rupee has led to a parallel increase in the cost of imported raw materials. Increased importance due to sharp depreciation of exchange rate in recent months.	<u>High</u>	<u>High</u>	Shareholders Employees	Operational Excellence	GRI 201: Economic Performance 2016	Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
3	Escalating inflation Hyper-inflationary condition led to low disposable incomes levels. This had a direct impact on the uptake for our products leading to muted demand.	<u>High</u>	<u>High</u>	Shareholders Employee Customers	Operational Excellence	GRI 201: Economic Performance 2016	Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances

No.	Material topic and why it is material to us	Organisational Impact	Impact on Stakeholders	Stakeholders Impacted	Strategic Relevance	Corresponding GRI Topic	Topic Boundary
4	Employee health and safety The successful controlling of the pandemic by the second quarter of the financial year along with the gradual relaxation of safety protocols led to employee health and safety concerns reducing. The company maintains a safe factory floor and workplace to minimize accidents and health hazards.	<u>Medium</u>	<u>Medium</u>	Employees	Managing relationships	GRI 403: Occupational health and safety	Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
5	Manufacturing and Operational excellence Our primary activity is manufacturing refrigerators, washing machines and other components. We continuously improve our products to enhance our product quality and our competitive edge.	<u>High</u>	<u>High</u>	Shareholders Employees	Operational Excellence		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
6	Fluctuations in raw material prices Approx. 80% of our cost of sales comprises raw materials and price fluctuations have a considerable impact on our profitability margins.	<u>High</u>	<u>High</u>	Shareholders Employees	Operational Excellence		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
7	Innovation Increasing competitive pressures with evolving customers' expectations require us to refine and improve our products to meet the evolutionary needs of our customers. This has made us to focus consistently to widen our portfolio through innovative product offerings while enhancing design appeal and other energy efficient features.	<u>Medium</u>	<u>Medium</u>	Customers	Innovation		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
8	Enhancing employees experience and retention Our employees are a pivotal force which drives our business operations towards our strategic ambitions and deliver performance. We place emphasis on attracting, developing and retaining the right talent is critical for long-term sustainability of our operations.	<u>High</u>	<u>High</u>	Employees	Managing relationships	GRI 401: Employment GRI 402: Labour Management Relations GRI 404: Training and education GRI 406: Non-discrimination 2016 GRI 407: Freedom of Association and Collective Bargaining 2016 GRI 408: Child Labor 2016	Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances

No.	Material topic and why it is material to us	Organisational Impact	Impact on Stakeholders	Stakeholders Impacted	Strategic Relevance	Corresponding GRI Topic	Topic Boundary
9	Product responsibility Given that both our products function using electricity, ensuring the completeness and relevance of customer instructions is critical.	<u>Medium</u>	<u>Medium</u>	Customers	Managing responsibility Innovation	GRI 416: Customer health and safety GRI 417: Marketing and labeling GRI 418: Customer privacy 2016	Topic boundary extends to our customers to use our products
10	Competitive pressures Competitive pressures have intensified in the local manufacturing arena. This has led us to create products which possess differentiating features to maintain our competitive edge whilst maintaining our price competitiveness. Reduced importance due to restrictions on imported consumer durable items.	<u>Medium</u>	<u>Medium</u>	Operational excellence	Operational excellence		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
11	Supplier relationships Maintaining productive and mutually beneficial supplier relationships is critical to ensuring a sustainable supply chain and uninterrupted operations.	<u>High</u>	<u>High</u>	Suppliers and business partners	Managing relationships	GRI 204: Procurement practices	Topic boundary extends to suppliers, sub-contractors where the Company engages with
12	Government policy Regulatory developments pertaining to import restrictions, taxes, monetary and fiscal policy have a direct impact on our performance.	<u>Medium</u>	<u>Medium</u>	Shareholders	Operational excellence	GRI 207: Tax 2019 GRI 205: Anti-corruption 2016	Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
13	Managing our environmental impacts As a responsible corporate citizen, in the manufacturing arena we are deeply conscious of our environmental footprint of our operations particularly in energy and water consumption, through our products and discharge of emissions.	<u>High</u>	<u>High</u>	Community	Sustainability	GRI 301: Raw materials GRI 302: Energy GRI 303: Water GRI 305: Emissions GRI 306: Effluents and waste	Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances
14	Community engagement Maintaining healthy relationships with the communities we operate in, is vital in preserving our social license to operate ensuring smooth continuity to operations.	<u>High</u>	<u>High</u>	Community	Sustainability	GRI 413: Local communities GRI 203: Indirect economic impacts	Relates to the community activities of Regnis (Lanka) PLC and its subsidiary Regnis Appliances

OPERATING LANDSCAPE

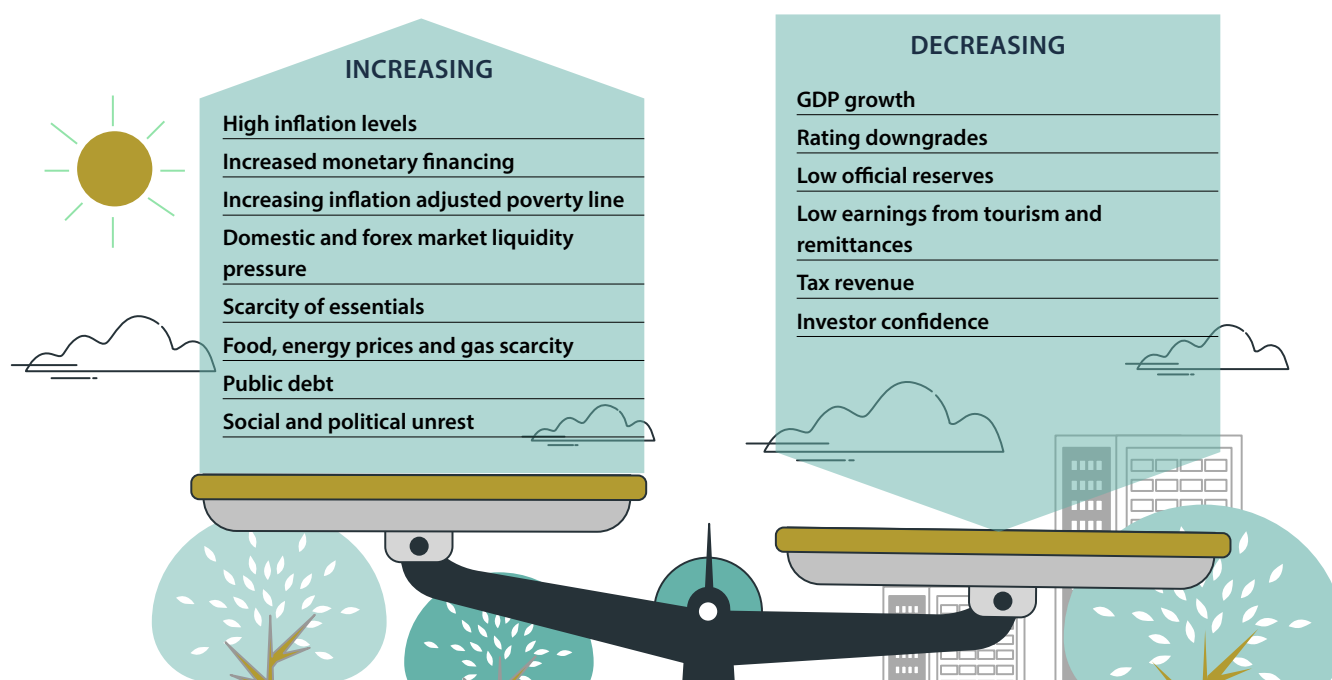
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REGINIS (LANKA) PLC
ANNUAL REPORT 2022/23

During the year 2022/23, the Group's operating landscape faced considerable turbulence with dynamic changes in the local macroeconomic environment. The key developments which transformed the operating context both in the global and local arena are discussed in detail.

The financial year 2022/23 commenced with the free float of the Sri Lankan Rupee and the significant tightening of the foreign exchange market which resulted in shortages of many essential commodities. The foreign currency reserve position and the lack of dollar liquidity prompted the Central bank of Sri Lanka (CBSL) to suspend the servicing of external debt as an interim measure leading the country to restricted default status. This prompted the sovereign rating to be downgraded. Lack of foreign exchange liquidity caused banks to take a cautious approach on financing of imports.

SNAPSHOT OF THE SOCIO-ECONOMIC CRISIS IN SRI LANKA



Uncertain geopolitical and socio-economic conditions

Global context

- ◆ The year 2022 was defined by unprecedented global turmoil marked by geo-political tension, economic meltdowns, after-effects of the COVID-19 pandemic and climate change.
- ◆ Economic growth for 2022 is projected at 3.4%, with global economic activity having experienced broad-based and sharper-than-expected slowdown
- ◆ Russia's invasion of Ukraine drove commodity prices to soar across multiple economies, causing severe distress in economic performance.
- ◆ Inflationary pressured created a cost-of-living crisis triggering central banks across the globe to adopt a tightening monetary policy, which further dampened economic growth.
- ◆ Inflation increased to 8.8% in 2022 from 4.7% in 2021 – one of the highest inflation levels ever recorded.
- ◆ One of the key world economies, China was affected experienced a surge in COVID-19 cases, followed by frequent lock-downs under their zero COVID policy taking a toll on their economy as well as the global economy.
- ◆ The global economy is set to grow at 2.9% in 2023, with inflation expected to decline to 6.6%

Source: World Economic Outlook of International Monetary Fund, January 2023

Sri Lankan context

Sri Lanka's economic crisis, political instability, and social unrest reached a pivotal point in 2023 setting in motion a very challenging operating context. The effects of these cascaded to all sectors of the economy, having significant negative impact on the country's economic growth and development achieved thus far.

- ◆ **Inflation:** Exponential increase during the year, exceeding the target single digit levels maintained and recorded historically high levels. Inflation peaked in September 2022 as measured by the Colombo Consumer Price Index and National Consumer Price Index for headline inflation at 69.80% and 73.70% respectively before gradually declining for the remainder of the year. Despite the decline, inflation still remained at over 50% levels and was fuelled by both supply side shocks and demand side pressures.
- ◆ **Rupee instability:** The Sri Lankan Rupee depreciated by over 80% during 2022, with the Central Bank of Sri Lanka abandoning a peg of LKR 203 against the US dollar in March 2022, causing severe uncertainty over the Rupee. Also contributed to rising inflation.
- ◆ **Foreign currency liquidity:** With the depletion of Government's official foreign reserves, , channelling of foreign remittances through grey markets to avoid the artificially maintained low exchange rate before allowing a free float, adversely affected exports, etc., Sri Lanka's foreign currency liquidity heavily suffered. This led to wide spread restrictions imposed on import items, leading to scarcity of fuel, essential consumer commodities, medicines, input in production processes, etc.
- ◆ **Interest rates:** The Central Bank of Sri Lanka adopted a contractionary monetary policy. Accordingly, key Central Bank policy rates of Standing Deposit Facility Rate and Standing Lending Facility Rate increased by 950 bps during 2022. Key market interest rates moved steeply up. (1 year T Bill rate FY 2022 29.27% vs FY 2021 8.24% / AWPR FY 2022 27.24% vs FY 2021 8.61%)
- ◆ **Increasing taxes:** Taxes were increased to curb low fiscal revenue, and to fund the budget deficit. VAT increased from 8% to 15%, corporate taxes from 18%/24% and new Social Security Contribution Levy of 2.5% was introduced
- ◆ **Effects on Sri Lanka's economic growth:** All four quarters of 2022 posted negative GDP growth, with the GDP for the year set to have contracted between 8%-9%.

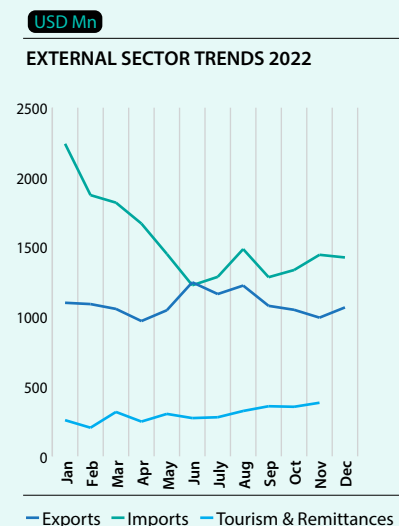
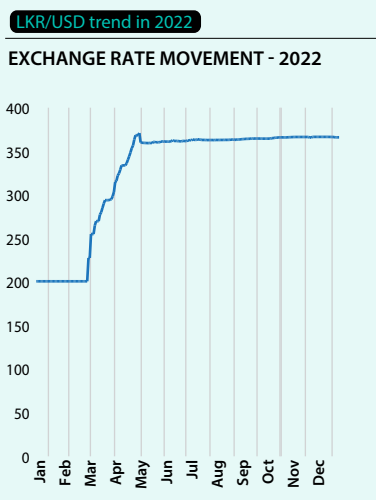
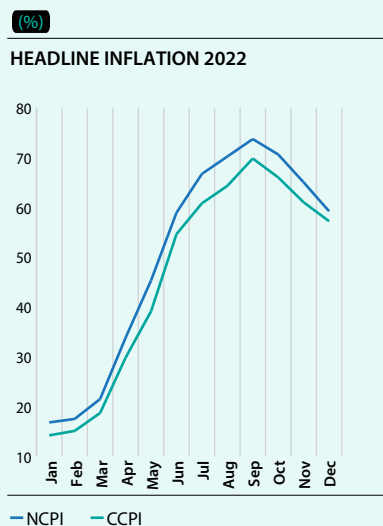
Increased macroeconomic instability

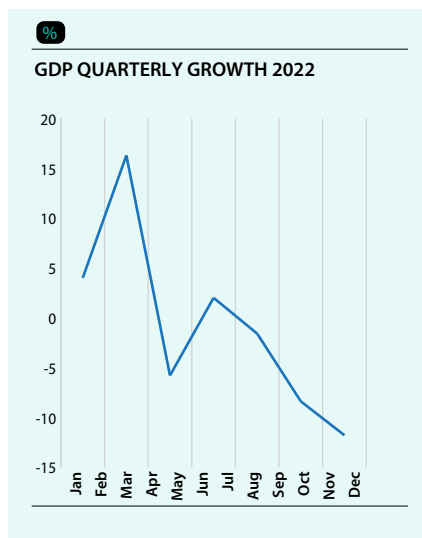
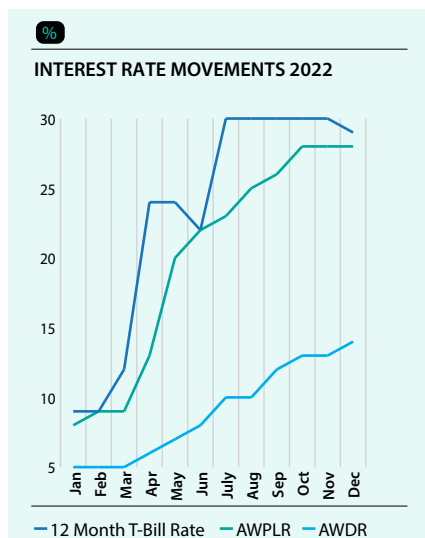
Challenges and risks

Dampened economic growth and reduction in business activity.
High foreign exchange rates.

How this affects our strategy

Negative business outlook and uncertainty in the business environment has made us defer investment and expansion plans.
Shortage of foreign currency affects the ability to import much needed raw materials.





Regulatory developments

The most significant changes that affected the Group directly from government policy directives are as follows:

Challenges and risks

- ◆ Import restrictions.
- ◆ Foreign exchange liquidity in the market impacts the import of components and slows down the manufacturing process
- ◆ Increased interest rates

How this affects our strategy

- ◆ The Group lobbied to remove certain vital components needed for the production to be removed from the restricted category of imports highlighting the local value addition contribution to the economy.
- ◆ Negotiated with banks for funding lines which were equitable.

Adaptability to evolving customer needs

Customer sophistication levels are always enhancing with new features and expectations with information on superior product features and pricing knowledge, multiple options to choose from etc. These new expectations have shaped our product designs in keeping up with changes sought by different customer demographics.

Challenges and risks

- ◆ High investment in new machinery.
- ◆ Potential loss of market share if not kept up to evolving customer needs.
- ◆ Greater emphasis on energy saving features.

How this affects our strategy

- ◆ Strong alignment to customer needs.
- ◆ Product innovation in strengthening product features.
- ◆ Introducing energy saving features.
- ◆ Introducing a range of products which are budget friendly – considering the present purchasing constraints faced by customers.

Supply chain disruptions

Restriction on imports and surge in freight costs have created an upward trajectory in production costs.

Challenges and risks

- ◆ Surge in the costs of imported components due to the depreciation of the Rupee.
- ◆ Exploring alternatives and sourcing locally.

How this affects our strategy

- ◆ Actively engaged with suppliers to ensure continuity of raw materials to ensure an uninterrupted production process.

Managing for sustainability

The recent environmental impacts highlighted importance of climate change. corporates are continuing to elevate their contribution as responsible corporate citizens, including the adoption of climate change responsive actions.

Challenges and risks

- ◆ Implement sustainable business practices.

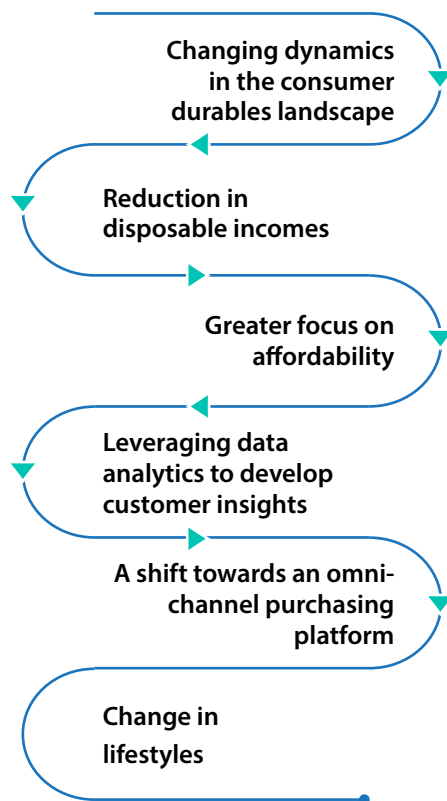
How this affects our strategy

- ◆ Strategic commitment to corporate social responsibility.
- ◆ Integration of social and environmental considerations to new business decisions.
- ◆ Implement sustainable and responsible packaging.

CONSUMER DURABLES INDUSTRY

The consumer durables industry faced a buoyant market during the last two years spurred by the restriction in imports. However, the industry faced significant challenges in the year under review. Industry wide data on the consumer durables sales statistics is not available; however, our parent company Singer (Sri Lanka) PLC exerts a significant market leadership within this sector, the recent volumes demonstrate significant changes.

The recent import restrictions along with the significant depreciation of the Rupee against the US Dollar has increased the cost of imported raw materials which has increased the cost of production which is reflected in the higher prices. On the demand side, increased taxation and inflationary pressures has reduced disposable incomes significantly, making discretionary spending on white goods a low priority amongst households. The significant increases in electricity tariffs of households which was imposed recently impacted disposable incomes. In this scenario, it has been evident that households which use older models of refrigerators faced increased consumption of electricity units leading to higher monthly tariffs. The awareness on this fact has created a demand for certain households to switch to a newer refrigerator with the objective of reducing the monthly electricity consumption which is offset through the newly purchased refrigerator.



OUTLOOK

With the finalisation of the Extended Fund Facility (EFF) from the International Monetary Fund (IMF), Sri Lanka's economy has converged on the right path of economic recovery. Rectification of chronic economic anomalies as a part of the IMF programme is expected to expedite and sustain such recovery. That being in the medium to long run, we anticipate challenges to persist in the near term.



MANAGING RISKS

Risk is an integral part of any business and over the last few years the turbulent business environment has increased risks exponentially. Therefore, it is imperative to identify the sources of risk, their likelihood of occurrence and impact, and then develop a comprehensive framework to address them. With such systematic approach it is important to assess one's appetite for risk and establish necessary risk appetite thresholds, bearing in mind that risk and return are inversely related and the need to strike a balance is of great importance. Over the years, Regnis (Lanka) PLC has developed a set of clear risk management objectives and a well-established strategy to deliver them, through core risk management processes. At a strategic level, our risk management objectives are:

- ◆ To identify the Company's significant risks.
- ◆ To formulate the Company's risk appetite and ensure that business profile and the plans are consistent with it.
- ◆ To optimise risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures.
- ◆ To ensure that business growth plans are properly supported by effective risk infrastructure.
- ◆ To manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions.
- ◆ To help executives improve the control and co-ordination of risk taking across the business. The Company's approach is to provide direction on understanding the principal risks to achieving the Company strategy; establishing risk appetite; and establishing and communicating the risk management framework.
- ◆ The process of risk management is facilitated by the involvement of stakeholders which consists of parent company – Singer (Sri Lanka) PLC, suppliers, employees, government among others. We continuously monitor the external environment and the emerging dynamics to assess the risks emanating from these variables. The decision to accept or avoid a risk exposure is based on risk-return dynamics and necessary action taken. These actions are reported to the Group Audit Committee.



RISK LANDSCAPE

The country's economy went through a series of challenges due to reduced inflows of foreign exchange, sovereign debt repayments and the effect of tax cuts. The year under review commenced the country been placed under restricted default category due to suspension of external debt payments. The country's foreign currency reserves declined to an all-time low by end March 2022 leaving creating shortages of necessary imports of food, fuel and medicines. The ensuing economic turmoil gave way to social unrest and political instability, threatening the smooth operation of businesses due to island wide power cuts and fuel shortages. Inflation soared whilst policy interest rates were increased. These shocks had a varying impact on the Group. Environmental risks continue to take precedence as temperatures soar along with global warming and ecological risks posing a risk to the environment.

RISK GOVERNANCE

The Board of Directors holds accountability as the apex body responsibility for managing the Group's risk exposures and is supported

by the Audit Committee. The Audit Committee discharges risk related duties. Risk identification is an organization wide process which is cascaded across the functional and business unit employees. The Chief Risk Officer of the parent company conducted a periodic risk assessment to ensure all risks are managed in a proactive manner and mitigation action is introduced on a timely manner.

RISK MANAGEMENT FRAMEWORK

The Group adopts the internationally accepted three lines of defense model in risk management. This ensures a clear segregation of responsibilities in assessing and managing risks. The framework drives accountability and ensures that a organization wide risk culture is developed where employees take a mindful approach towards risk at every level of the organization.

1st Line of defence

Risk identification

- ◆ During the year, we did not encounter any complaints that were found to be justifiable regarding violations of customer privacy or loss of customer data.
- ◆ Identification of risk exposures by the first line of defence through assessing the impacts of external and internal dynamics on business operations.

2nd line of defence

Risk management and oversight by Board of Directors and Audit Committee

- ◆ Oversight of risk management by the Board of Directors and Audit Committee in ensuring the implementation of Group's risk management framework.
- ◆ Oversight of risk management by the Board of Directors and Audit Committee and ensuring the implementation of the Groups risk management framework.

3rd line of defence

Assurance by internal audit

- ◆ Independent review of risk management frameworks and internal controls in place.
- ◆ Independent review of risk management frameworks and internal controls in place.

Risk Category	Risk Element	Implications	Mitigating Actions	Risk Level in 2021/22	Risk Level in 2022/23	Risk Trend
Financial Capital	Macroeconomic risk Sri Lanka experienced an economic slowdown driven by a contraction across all three sectors – agriculture, industry, and services. Impacts were also exacerbated by tighter monetary policy conditions and the energy crisis.	The Group's sales levels are sensitive to economic conditions and in particular to levels of consumer spending. Any delay in economic recovery could affect consumer expenditure and our sales levels. There is an ongoing risk to our business in terms of increases in the cost of products due to rupee depreciation.	<ul style="list-style-type: none"> ♦ A broad geographic spread. ♦ Continuous review of the impact of the economic conditions on the Group's budget and strategic plans. ♦ Focus on maintaining excellent quality, service, value for money while broadening the appeal to customers. ♦ Broaden product range to appeal to a wider group of customers with varying needs and spending capacities. Focus on more affordable models to certain segments to enhance sales volumes. 	High	High	↔
	Depreciation of the Sri Lankan Rupee. The Rupee recorded a steep depreciation immediately with the exchange rate increasing from Rs.201.46 in January 2022 to Rs.255.81 in March 2022. The Rupee continued to depreciate during the year with the rate peaking at ~Rs.360. The foreign exchange market was faced significant foreign exchange shortages and macroeconomic uncertainty. However, the Rupee showed a gradual strengthening in the fourth quarter	The Group relies on several imported components in the manufacturing process. The depreciation of the Rupee increased the cost of production as well as the import of such raw materials due to the foreign currency liquidity issues.	<ul style="list-style-type: none"> ♦ Forward booking arrangements. ♦ Maintaining stock buffers. ♦ Strict cost management practices to drive efficiencies and improve productivity. ♦ Supplier negotiations for better pricing. ♦ Upward price revisions to reflect increased cost. 	High	High	↔
	Rising interest rates Tighter monetary policies created a uptick in the interest rates. A contractionary monetary policy was introduced by CBSL to mitigate inflationary pressures, external sector vulnerabilities, preventing hyperinflation and prolonged loss in economic activity. Interest rates moved up steeply in the first half of the financial year.	<ul style="list-style-type: none"> ♦ Impact on debt – funded expansion investment costs. ♦ Increase in borrowing costs affect stock holding costs associated with inventory which has been built up. 	<ul style="list-style-type: none"> ♦ Negotiating with banks for favourable rates. ♦ Monitoring the movements of interest rates and taking timely decisions. 	High	Medium	↓

Risk Category	Risk Element	Implications	Mitigating Actions	Risk Level in 2021/22	Risk Level in 2022/23	Risk Trend
	Change in government regulations. The increased direct and indirect taxation rates for corporates and individuals. Import restrictions on certain vital components needed for production. 100% cash margin for imports.	Increase in direct taxes for corporates placed a strain on corporate earnings. Individual taxation increases affected the disposable income levels of our customers which dampened consumer sentiment and reduced discretionary spending.	<ul style="list-style-type: none"> The Group lobbied for certain items to be removed from the restricted list as these goods were adding value to the local manufacture. As a result, import of these goods were permitted to be imported. Negotiated favourable credit terms with suppliers. 	High	High	↔
Manufactured Capital	Machine breakdown and asset risks	Breakdowns in machinery impact the production continuity impacting health and safety of factory floor staff.	<ul style="list-style-type: none"> Achieved relatively low machine down time levels by maintaining machinery at optimum levels. 	Medium	Medium	↔
Human Capital	Employee health and safety Health and safety protocols were maintained for COVID. Further general health and safety measures were undertaken to avert any accidents and injuries on the production flow.	<ul style="list-style-type: none"> Direct impact on the continuity of operations and manufacturing volumes. Affects employee morale Possible union unrest 	<ul style="list-style-type: none"> Maintaining health and safety protocols High level of engagement with union and employees. Ongoing safety audits and providing a conducive safe environment. 	Medium	Medium	↔
	Employee relations and retention Increased migration and brain drain has resulted in a shortage of staff. Absenteeism Implications of mental health and general anxiety due to economic crisis	The Company was successful in maintaining high levels of engagements and offering a progressive work environment.	<ul style="list-style-type: none"> Greater engagement activities. Revision of salaries and emoluments. Ongoing investment in training and development. Safe work environment. Robust performance management framework. Cordial relationship with trade unions where no industrial action has taken place in last 6 years. 	Low	Low	↔
Social and Relationship Capital	Competition	Dependency on a single customer and reducing disposable incomes	<ul style="list-style-type: none"> Extensive distribution platform of Singer Sri Lanka and trusted reputation. 	Moderate	Medium	↑
	Dependence on a single retailer This relationship has been in existence since the inception of the Group and over the years as the sole local supplier accounting for 40% of the refrigerators been produced by the Group.	The Group relies on its parent company for the entire sales of its inventory. This single customer concentration risk may pose a threat in the event the supplier withdraws.	Singer Sri Lanka is the parent company and Regnis is part of the broader value chain of our sole customer. We play a very strategic and pivotal role with the parent entity's business minimizing the risk associated with single customer concentration risk.	Low	Low	↔

Risk Category	Risk Element	Implications	Mitigating Actions	Risk Level in 2021/22	Risk Level in 2022/23	Risk Trend
	<p>Evolving customer expectations</p> <p>Customer purchasing behaviour has changed over the years where customers seek the best value for money options. Given the recent electricity tariffs – energy saving benefits rank high as a main priority.</p>	<p>Given the import restrictions customers the intensity of competition amongst local manufacturers has increased.</p>	<ul style="list-style-type: none"> Develop innovative product range with product differentiation aimed at various segments. Extensive distribution platform of Singer Sri Lanka and trusted reputation. Energy Saving certification form Sustainable Energy Authority. Introducing energy efficient features – inverter technology. 	Medium	High	↑
Intellectual Capital	<p>Reputational risk</p> <p>The risk of an environmental threat, waste discharge or pollutant will create a negative reputation.</p> <p>Product quality related issues</p>	<ul style="list-style-type: none"> Maintain customer service levels and brand loyalty. Singer brand has been recognized as one of the Most loved brands in Sri Lanka by the SLIM KANTAR Awards for 17th consecutive year 	<ul style="list-style-type: none"> Quality inspections ensure that the products conform to quality standards. Proper disposal of waste and hazardous waste minimizing impact on the environment. 	Low	Low	↔
Natural Capital	<p>Energy crisis</p> <p>During the FY 2022/23 the country faced an energy crisis which resulted in long power disruptions along with a shortage of fuel in the</p>	<ul style="list-style-type: none"> Affected the operations of the factory and office. Increasing usage of generator power which was also affected by the shortage of diesel. Mobility of staff. 	<p>Investments in solar energy.</p> <p>A shift to renewable energy will reduce emissions in line with the environmental policy of the Group.</p>	High	Medium	↓

DELIVERING OUR STRATEGY

OUR STRATEGY

Our strategic agenda over the last three years has centred on positioning the Group for the next decade of growth as a formidable local manufacturer in Sri Lanka. Our strategic priorities focus on all critical functional areas including production, operational excellence, people management among others. Since its launch in 2019/20, the Group made considerable progress in the implementation of the Must-Win-Battles as summarised below and elaborated further in subsequent sections of the Report.

Strategic Pillars



OPERATIONAL
EXCELLENCE



INNOVATION



MANAGING
RELATIONSHIPS



SUSTAINABILITY

OPERATIONAL EXCELLENCE

Key areas of focus in 2022/23

- ◆ Recalibrated production levels in response to declined demand conditions in both refrigerators and washing machines
- ◆ Ensured continuity in production amidst exacerbated supply chain challenges during the year
- ◆ Continued efforts on operational efficiencies and productivity improvements to drive costs down
- ◆ Continued efforts to reduce wastage to drive costs down as well as align to our environmental goals

Resources allocated/ Connectivity to our capitals

Financial capital: Investments in working capital management

Human capital: Safe working environment for our employees, contribution of employees in achieving process efficiencies, productivity and cost savings

Social & relationship capital: Contribution from our suppliers in ensuring quality and timely inputs

Key Performance Indicators

- ◆ 46,530 refrigerator units manufactured
- ◆ 31,190 washing machine units manufactured
- ◆ Rs. 21.7 Mn cost saved through Total Productivity Maintenance

Way forward

Risks

- ◆ Sub-optimum capacity utilization due to reduced demand leading to high redundancy levels and losses
- ◆ Non-availability of quality and timely input material

Opportunities

- ◆ Wider market opportunities opened up with restrictions imposed on imported consumer durables

Future plans

- ◆ Production scheduling in response to market demand conditions and prudent stock management
- ◆ Related diversification in to other complementary products that would enhance the resilience of our performance

INNOVATION**Key areas of focus in 2022/23**

- ◆ Innovations moderated during the year given the challenges stemming from the economic crisis
- ◆ Continued customer preference intelligence to identify trends so as to shape our future innovations

Resources allocated/ Connectivity to our capitals

Financial capital: Rs. 0.5 Mn invested in new product designs/ features

Intellectual capital: Our unique base of tacit knowledge, organisational structures and insights in to emerging customer needs

Key Performance Indicators

- ◆ Market leader position for locally manufactured refrigerators
- ◆ Wide range of models launched in both refrigerators and washing machines with continually renewing features

Way forward**Risks**

- ◆ Import restrictions may affect the availability of new plants and machinery required to produce innovative features
- ◆ High cost of funds may render investment plans less-optimum from an overall cost of funds point

Opportunities

- ◆ Competition from imported brands eliminated hence increasing greater markets for Company manufactured products
- ◆ Heightened preference from customers for innovative features of greater energy efficiency and value for money in the current economic context

Future plans

- ◆ Continued efforts and organization-wide culture in driving innovation in both existing product range and envisaged related diversification product range

MANAGING RELATIONSHIPS**Key areas of focus in 2022/23**

- ◆ Sound customer relations driven through affordable innovation, product accessibility and product responsibility
- ◆ Strengthened employee engagements through ensuring job security (zero layoffs) and financial security, physical and mental well-being (all salaries paid on time)
- ◆ Enhanced supplier relations with clear understanding of challenges faced by them and more flexible terms on delivery

Resources allocated/ Connectivity to our capitals

Financial capital: Rs. 479.3 Mn in payments to employees

Social and relationship capital: Rs. 5428 Mn in payments to local suppliers

Key Performance Indicators

- ◆ Customer satisfaction rate: 97%
- ◆ Employee retention rate: 93%
- ◆ Continuous flow of input to best extent possible, enabled by strong network with suppliers

Way forward**Risks**

- ◆ Continued decline in demand from customers in a situation of delayed economic revival
- ◆ High attrition of staff
- ◆ Inability of suppliers to supply quality material in a timely manner and at reasonable costs

Opportunities

- ◆ Exploration of export markets
- ◆ Expanding the supplier base to increase resilience
- ◆ Trials on alternate raw materials to replace which are non-accessible or costly

Future plans

- ◆ Continued efforts in maintaining sound relationships with our customers to strengthen the brand loyalty for SINGER fridges and washing machines
- ◆ Extending best care for employees including training and development, career advancement opportunities for greater retention

SUSTAINABILITY**Key areas of focus in 2022/23**

- ◆ Broadened adoption of sustainable packaging of pulp thereby reducing the use of Styrofoam packaging
- ◆ Reducing wastage
- ◆ Enhancing energy efficiency
- ◆ Responsible disposal of waste including recycling of metal and plastic waste.

Resources allocated/ Connectivity to our capitals

Financial capital: Moderated investments in upgrading our energy efficiency given the challenged conditions

Intellectual capital: Driving organization-wide culture that is energy and cost conscious with commitment to identify efficiency enhancements

Key Performance Indicators

- ◆ 45 MT of Styrofoam avoided through pulp packaging
- ◆ 36% reduction in carbon foot print
- ◆ 219% increase water intensity

Way forward**Risks**

- ◆ Potential disruptions to paper-pulp sourcing
- ◆ High cost of plant, machinery, etc. that enable further efficiency enhancements

Opportunities

- ◆ Reducing reliance on imported fossil fuel and transitioning to self-generated renewable energy

Future plans

- ◆ Investments in solar energy sources
- ◆ Obtain the ISO 9001 certification from the Sustainable Energy Authority



FINANCIAL CAPITAL

What constitutes our Financial Capital

- ◆ An integral input of our value creation process
- ◆ Comprises equity capital invested by our shareholders and debt capital borrowed for the short, medium and long term

The role of Financial Capital in our value creation process

- ◆ Enables the smooth operation of day to day operations
- ◆ Facilitates pursuit of our strategic aspirations and growth plans
- ◆ Critical in the acquisition, maintenance and sound functioning of other capitals

Core outcomes of financial capital through our value creation during the year

Enhanced shareholder wealth through profits generated amidst challenging conditions

Earnings per share of
Rs. 1.20

Net asset value per share of
Rs. 77.7

Stakeholders impacted



EMPLOYEES



CUSTOMERS



SHAREHOLDERS



GOVERNMENT/
REGULATOR

Key risks and mitigants

- ◆ High cost of funds
- ◆ Potential market liquidity leading to limited access to funds in the financial market

Mitigants – Prudent financial management strategies

Cost optimization to preserve profitability

Business volume growth with the normalization of the economy in increasing revenue

Connectivity to other capitals



MANUFACTURED
CAPITAL



HUMAN
CAPITAL



INTELLECTUAL
CAPITAL



SOCIAL & RELATIONSHIP
CAPITAL

Relevance to our strategy

Proactive working capital management to ensure uninterrupted manufacturing activities.

Cost rationalisation and efficiency improvements.

Revenue, costs and profitability

Highlights:

Moderation in revenue due to reduced demand

Exponential increase in costs due to high inflation and interest rates

Profitability impacted due to higher corporate taxes

Rs. Mn	2022/23	2021/22	% change
Revenue	5,526	7,272	-24%
Cost of sales	(5,061)	(6,876)	-26%
Gross profit	465	396	17%
Administrative expenses	(27)	(19)	42%
Selling and distribution expenses	(79)	(37)	114%
Operating profit	359	348	3%
Net finance cost	(304)	(310)	-2%
Profit before tax	55	38	45%
Tax expense	(29)	(11)	164%
Profit for the year	26	27	-4%

CONSOLIDATED REVENUE

Reflecting a year of multiple challenges, consolidated revenue of the Regnis Group recorded a 24% decline over the prior year to Rs. 5,526 Mn. The dip in revenue was predominantly attributable to the demand patters for the Group's key products which saw a considerable reduction across all products, attributable to weakened demand from the consumers on account of high product prices and thinning disposable income.

Given below are the respective behaviour of sales volumes of our key products.

Products	Decline
Frost free refrigerators	67%
Direct cool refrigerators	88%
Semi-automatic washing machines	49%
Fully automatic washing machines	50%

Disaggregation of net revenue from contracts with customers

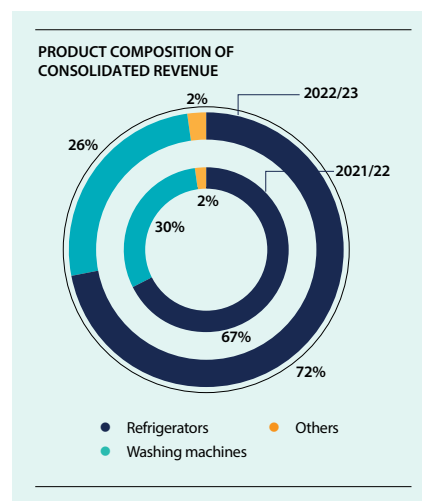
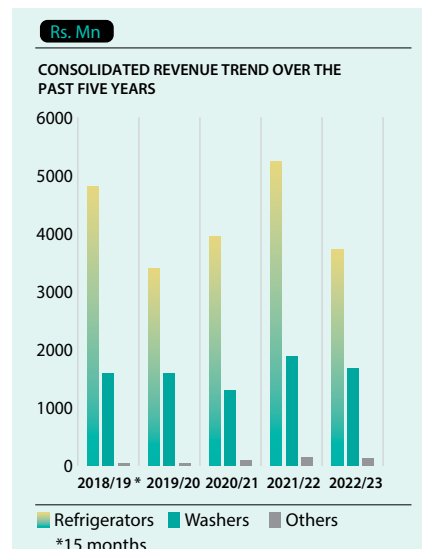
Rs. Mn	2022/23	2021/22	% change
Refrigerators	3,722	5,244	-29%
Washing machines	1,671	1,884	-11%
Others	133	144	-8%
Revenue from contract with customers	5,526	7,272	-24%

GROSS PROFIT

Gross profit during the year reported a healthy growth of 17% to Rs. 465 Mn. Gradual stabilization of the exchange rate over the year, resultant reduction in prices of both local and imported input materials, various cost rationalization initiatives, and timely revision of factory transfer prices for both washing machines and refrigerators drove gross profits. Gross profit margin also enhanced from 5.4% to 8.4%.

EXPENSES AND OPERATING PROFITS

Key expenses lines of administrative expenses and selling and distribution expenses reported considerable increase during the year at 42% and 114% respectively. General inflation, increase in fuel prices multiple times during the year and sharing of sales and promotional expenses with our parent company Singer (Sri Lanka) PLC were key drivers of costs.



Gross profit

GP Margin 2022/23	GP Margin 2021/22
8.4%	5.4%

Conscious cost management initiatives including streamlining of our processes and elimination of non-value adding processes augured well and helped stem the costs at the given levels. Resultantly operating profits for the year closed in at Rs. 359 Mn, a gratifying, though marginal increase of 3%.

NET FINANCE COST

Net Finance cost decreased by 2% to Rs. 304 Mn, driven by finance cost of Rs. 354 Mn and

finance income of Rs. 50 Mn. Finance cost related to interest on short term borrowings, interest on lease liabilities and interest on related party payables all increased significantly. This was in tandem with the increase in market interest rates, triggered by the increases to policy interest rates effected by the Central Bank of Sri Lanka as a part of its tightening monetary policy to arrest exponential inflation. Foreign exchange losses, another component of finance cost amounted to Rs. 97 Mn, significantly lower compared to the exchange losses reported in the comparative year at Rs. 256 Mn. The gradual appreciation of the Sri Lankan Rupee in the fourth quarter of the financial year, which depreciated by over 80% by end December 2022 was instrumental in driving down cumulative exchange losses for the year.

TAXATION

The income tax rate applicable for Regnis (Lanka) PLC was revised to 30% from 18% w.e.f. 1st October 2022, as a part of the Governments new tax regime to enhance its fiscal revenue. As a result the second half

income tax has been calculated based on a tax rate of 30%. The tax rate applicable to the subsidiary entity Regnis Appliances (Pvt) Ltd was 20% as same is subject to tax concessions. Accordingly, tax charge for the Group for the financial year was Rs. 29 Mn.

SURCHARGE TAX

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 Rs. 2 Bn for the Year of Assessment 2020/2021. The liability for the Group was Rs. 50.8 Mn which was duly paid.

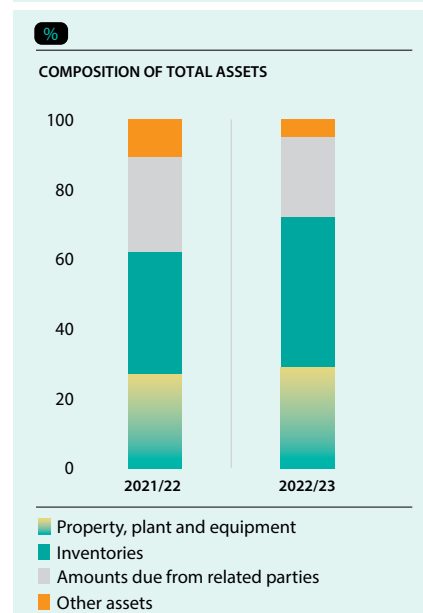
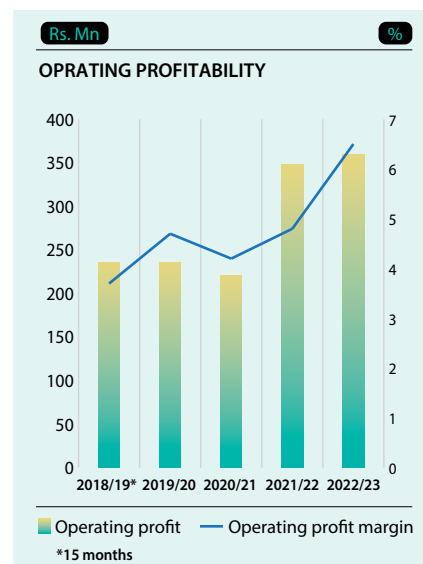
Contribution to the Government of Sri Lanka by way of other taxes

Rs. Mn	2022/23	2021/22
Value added tax	654	612
Social security contribution levy	46	-
Total sales taxes	700	612

PROFITABILITY

The Group reported a pre-tax profit of Rs. 55 Mn a healthy growth of 45% for a year mark by stark challenges which affected our operations to considerable extents. Tax expense for the year amounted to Rs.29 million, compared to Rs.11 million in the previous year, due to the increase in corporate tax rate to 30% from 18%. The Group post tax profitability closed in at Rs. 26 Mn, again a gratifying achievement, albeit a decline of 3% over the prior year.

Rs. Mn	2022/23	2021/22	% change
Total assets	4,254	4,902	-13%
Total non-current assets	1,313	1,479	-11%
Total current assets	2,941	3,423	-14%
Total equity attributable to owners of the Company	1,751	1,849	-5%
Total liabilities	2,503	3,053	-18%
Total non-current liabilities	418	327	28%
Total current liabilities	2,085	2,726	-24%

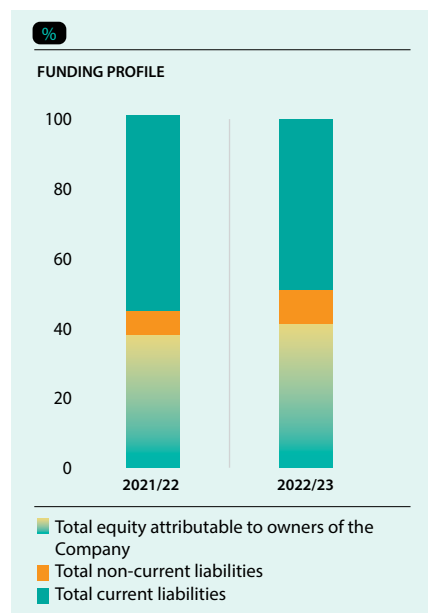


The Balance sheet contracted by 14% during the year to Rs. 4,254 Mn. Despite the deceleration, the balance sheet maintained its diversification and resilience through the year. Total non-current and current assets also declined by 11% and 14% respectively. Minimum expenditure in capital investments was a key reason for the dip in non-current assets. Furthermore, during the year, Regnis Appliances (Pvt.) Ltd handed over the BOI land enjoyed by the company under an operating lease with a carrying value of Rs.59 Mn as at end March 2023, by terminating the agreement between the company and the BOI.

The reduction in current assets was due to the following reasons that prevailed through the year.

- ◆ Decline in related party receivables by Rs.331.6 mn, due to intercompany receivables maintained at minimum levels in response to low order levels
- ◆ Decline in trade and other receivables by Rs.258.5 Mn mainly due to reduction in trade and non-trade advances paid to suppliers
- ◆ Conversely, inventory value as at year end has increased by Rs.141 Mn due to the dual effects of increase in commodity prices and increase in stock level of certain categories of inventory due to low marketing orders

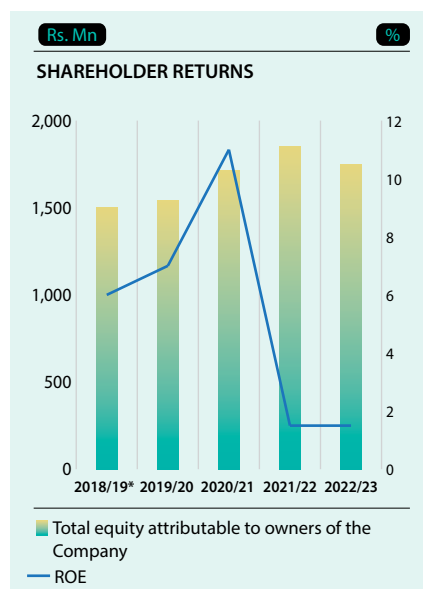
BALANCE SHEET FUNDING



TOTAL EQUITY

Total equity attributable to owners of the Company declined by a marginal 5% to Rs. 1,751 Mn, driven by the following.

- ◆ Decrease in retained earnings due to payment of Surcharge tax of Rs. 50.8 Mn
- ◆ Decrease in revaluation reserves, due to transferring Rs. 84.9 Mn to deferred tax liability due on account of the corporate tax rate change from 18% to 30%



LIABILITIES

Non-current liabilities increased by Rs. 90.9 Mn to Rs. 418 Mn during the year mainly due to the increase in deferred tax liability with the Inland Revenue Department direction to increase the corporate tax rate from 18% to 30%. The resultant total increase in deferred tax liability was Rs.105 Mn, recognized through the P&L and Other Comprehensive Income at Rs.20 Mn and Rs.85 Mn respectively.

Current liabilities also declined by Rs. 641 Mn, to Rs. 2,085 Mn attributable to the following key reasons.

- ◆ Decline in trade and other payables by Rs.1,187.9 Mn, due to reduced orders placed for raw material driven by the dual factors of reduced demand and high inventory levels already available
- ◆ Considerable increase in related party payables due to importing certain raw materials through Singer (Sri Lanka) PLC
- ◆ Strong focuses to reduce inventory to minimum levels to reduce borrowing and finance cost
- ◆ Conversely, borrowings increased by Rs.195 Mn over the year predominantly to finance the increased inventory at Regnis (Lanka) PLC.

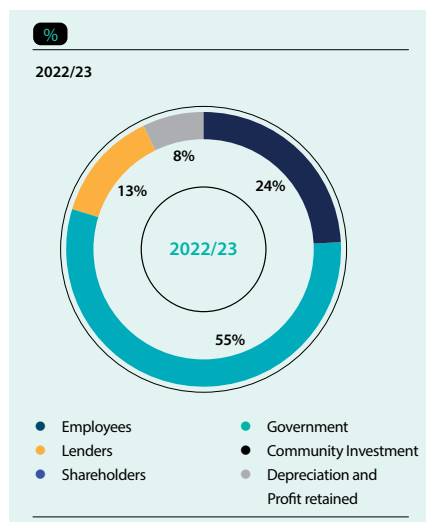
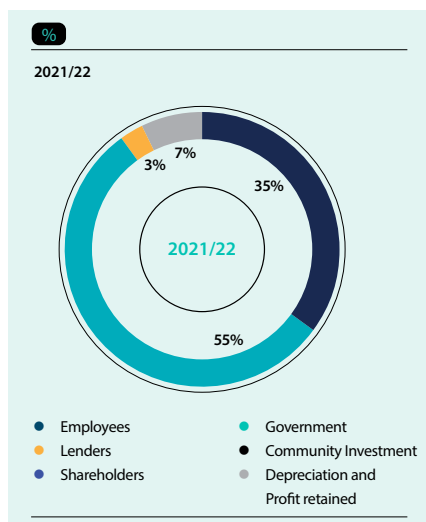
CASH FLOWS

A synopsis of cash flow behaviors on account of operating activities, investing activities and financing activities are as follows. The Group deployed prudent liquidity management initiatives in ensuring that sufficient funds were available during the year to conduct business operations and cost of funds were optimized to preserve profitability, in a challenged condition.

Rs. Mn	2022/23	2021/22
Net cash flows (used in)/generated from operating activities	(222)	(19)
Net cash flows generated from/ (used in) investing activities	35	(59)
Net cash flows generated from/ (used in) financing activities	121	94
Net (decrease)/ increase in cash and cash equivalents	(66)	17
Cash and cash equivalents at the beginning of the year	(8)	(25)
Cash and cash equivalents at the end of the year	(74)	(8)

Statement of Value Addition

	Group				Company			
	2022/23		2021/22		2022/23		2021/22	
	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000
Gross turnover		6,530,799		7,990,039		4,300,864		5,799,027
Other income including finance income		24,697		14,215		25,172		13,175
Less: Cost of materials & other costs		(4,554,054)		(5,949,773)		(2,901,720)		(4,272,484)
		2,001,442		2,054,481		1,424,316		1,539,719
Distribution of Value Added								
Employees	24	488,035	35	716,992	30	423,786	42	640,593
Government	55	1,107,245	55	1,135,392	50	711,858	50	775,732
Lenders	13	257,429	3	59,988	14	198,142	3	44,223
Community Investment	0.04	808	0.03	534	0.04	513	0.03	467
Shareholders	-	-	-	-	-	-	-	-
Depreciation and amortisation set aside	6	121,595	6	114,478	6	84,369	5	79,547
Profit retained	1	26,329	1	27,096	-	5,648	-	(844)
	100	2,001,442	100	2,054,481	100	1,424,316	100	1,539,719
No. of employees		378		517		318		450
Value Added per employee		5,295		3,974		4,479		3,422





MANUFACTURED CAPITAL

What constitutes our Manufactured Capital:

Our manufacturing facilities powered by the state of the art machinery, equipment and quality certified production processes

Stakeholders impacted:



EMPLOYEES



COMMUNITIES



SUPPLIERS

The role of Manufactured Capital in our value creation process:

Manufactured capital is integral in our value creation process as it enables the production of high quality SINGER branded products. Continued investments in manufactured capital enables operational efficiencies and environmentally friendly processes.

Core outcomes of Manufactured Capital through our value creation during the year:

31,190

Washing machines
produced

46,530

Refrigerators
produced

Capacity utilization rate

Refrigerator Plant **40%**

Washing Machine Plant **50%**

Key risks and mitigants

- ◆ Sub-optimum capacity utilization due to reduced demand leading to losses
- ◆ Mitigant – Production scheduling in response to market demand conditions and prudent stock management
- ◆ Lack of funds to invest in manufacturing capital upgrades
- ◆ Mitigant - Prioritization and optimization of equity and debt capital investments
- ◆ Machine breakdown and asset risk adversely impacting continuity of production
- ◆ Mitigant – Continuous maintenance and quality checks

Connectivity to other capitals:

- ◆ Financial capital – Enables investments in manufactured capital
- ◆ Human capital – Safe working environment for our employees
- ◆ Social & relationship capital – Produces superior quality products to our customers
- ◆ Empowers small businesses, self-employed and other local manufacturers through patronage
- ◆ Natural capital – Manufacturing processes aligned to preserving environment

Hayleys Life code



Energy and emission
management



Water
management



Material and waste
management



Chemical
management



Bio-diversity
conservation

Relevance to our strategy

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



Ratmalana Manufacturing Facility

Employees
318

Product
Refrigerators

Production lines
2

Maximum annual capacity
140,000 units

Local demand met: 45% of total refrigerator demand, Market leader in local refrigerator manufacturing

Process enhancements during the year: 0.2% reduction in hours lost due to machine breakdowns reduced



Panadura Manufacturing Facility

Employees
60

Product
Washing machines

Production lines
1

Maximum annual capacity
65,000 units

Local demand met: 33% of total washing machines demand

Process enhancements during the year: 0% reduction in hours lost due to machine breakdowns reduced

ISO 9001 : 2015 Certification

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

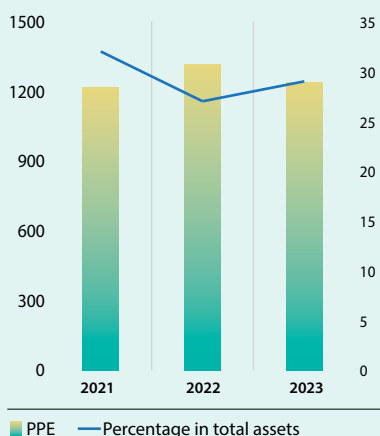
Our approach to ensuring optimum functionality of manufactured capital

Daily check-lists for machine operators

Safety certifications for air receivers and machine hoists

Preventive maintenance schedule

PROPERTY, PLANT AND INVESTMENTS



ENHANCING OUR CAPACITY UTILIZATION

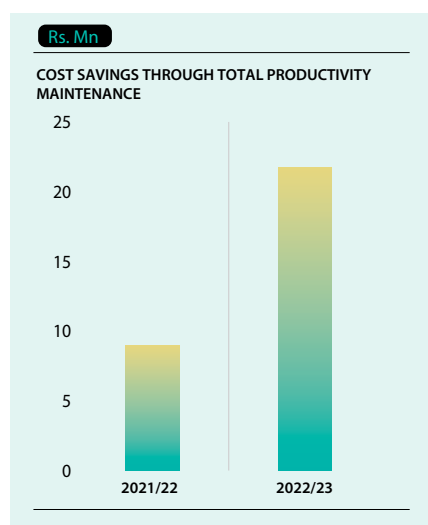
Operational efficiency enhancements constitute a strategic priority at Regnis. In recent years, the group has placed strategic focus on improving operating efficiencies at its production facilities through the implementation of total productivity maintenance. Emphasis has been placed on minimizing waste, identifying and addressing process bottlenecks and driving improvement in labour efficiency. The Group sought to increase automation and redesign processes to reduce rework, thereby reducing waste and scrap. These efforts have enabled cost savings of 21.7 during the year.



Core focus areas

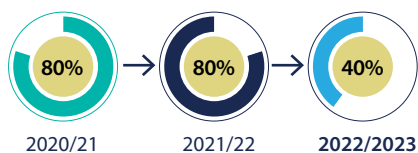
- ◆ Minimizing waste
- ◆ Identifying and addressing process bottlenecks
- ◆ Driving improvements in labour efficiency
- ◆ Increase automation and redesign processes to reduce rework thereby reducing waste and scrap

Cost savings achieved over the years



RESPONSE TO DEMAND FLUCTUATIONS DURING THE YEAR

Given the multiple factors that led to reduced demand for refrigerators and washing machines during the year, we optimized production output, so as to strike a balance between meeting demand, maintaining healthy level of stock, managing cost of production and achieving the right level of capacity utilization. Accordingly, we functioned at a capacity utilization of 40% in refrigerators and 50% in washing machines.



Capacity utilization of washing machines manufacturing plant Manufacturing Capabilities

Company	Regnis (Lanka) PLC	Regnis Appliances (Pvt) Ltd
Operations	Sri Lanka's largest manufacturer of white goods, catering to approximately 40% of the country's demand in refrigerators under SINGER and SISIL brands.	Manufactures a range of washing machines, plastic chairs and plastic components for refrigerators.
Locations	Rathmalana	Panadura
Manufacturing Capabilities	Two manufacturing lines producing high-quality refrigerators of varying capacities.	One manufacturing line producing washing machines
Asset Base	Rs. 3307 million	Rs. 1173 million
Capacity Utilization	40%	50%

SINGER 'Ape Dethin Ape Ratata'

A pioneer empowering our economy

We are proud of our production capabilities, innovative prowess and the contribution we make to the national economy through manufacturing import substitutes, that not only bring affordable luxury to our customers, but also preserve the country's foreign currency reserves.

Our hallmark as a nationally significant manufacturer are encapsulated in the following factors



- ◆ Serving the nation since 1988
- ◆ Over 1.5 million refrigerators produced so far in three types of models- frost-free, direct cool and inverter
- ◆ Over 600,000 washing machines produced over the last decade
- ◆ 100% locally manufactured
- ◆ Deploys innovative technology
- ◆ Exceptional quality at affordable prices
- ◆ 100% environmentally safe products
- ◆ Pioneer in introducing CFC free refrigerators to South Asia
- ◆ Expedited manufacturing processes and speedier time to market
- ◆ Opened up many opportunities for locals to set up their own businesses
- ◆ Employment generation of over 400 direct and indirect opportunities and with over 1,000 families depending on the Regnis Lanka business



FACTORY - REGNIS APPLIANCES (PVT) LTD



FACTORY - REGNIS (LANKA) PLC

WAY FORWARD

- ◆ In the short run, we anticipate demand to be lackluster given the high prices of products and strain on consumer spending capacity. As such we will optimize production levels in response to market demand
- ◆ In the medium to long run, we anticipate the economy to recover, production prices to normalize and demand for our products to increase
- ◆ As such we will continue on innovation, product diversification plans and enhancements to quality of our processes so as to leverage on greater demand on account of the positive market conditions that are envisaged



HUMAN CAPITAL

What constitutes our Human Capital:

The skills, attitudes, knowledge, professionalism and intellect of our employees

The role of Human Capital in our value creation process:

Our employees play an integral role in pursuing our strategic goals and delivering innovative and high quality products to our customers, thereby drive our competitive edge.

Core outcomes of Human Capital through our value creation during the year:

1770

hours in training
and development

5

new recruitments

17

promotions and
job upgrades

93%

retention

Connectivity to other capitals:

- Financial capital – Investment in training & development, rewards and remuneration
- Intellectual capital – Drives organizational tacit knowledge
- Social & relationship capital – Integral in producing superior quality products to our customers
- Natural capital – Our employees' know-how and intellect drive environmentally friendly processes

Policy Framework

- Health and Safety Policy
- Whistle Blower Policy
- Recruitment and Selection Policy
- Sexual Harassment Policy
- Grievances Policy
- Training and Development

Relevance to our strategy

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

Stakeholders impacted



EMPLOYEES



CUSTOMERS



GOVERNMENT/
REGULATOR

Key risks and mitigants

- Potential attrition
- Mitigants - Significant investments in the team including in training and development, compensation and ensuring well-being
- Employee health and safety
- Mitigant – Strong health and safety protocols, culture committed to a safe work environment

Management Approach

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

REGNIS TEAM AT A GLANCE

	2022/2023	
	Regnis Lanka	Regnis Appliances
Headcount-Permanent	254	55
Headcount-Trainees/Contract	64	5
Payments to employees (Rs. Mn)	415.1	64.2
Retention rate (%)	96%	91%
Promotions (No. of)	16	1
Investment in training (Rs. Mn) *	2.09	0.03
Total training hours	1610	160
Workplace injuries (No. of)	7	1
Union representation %	90%	Nil
Instances of disruption to work	Nil	Nil
Female representation	4%	2%

TEAM PROFILE

Our team comprises 378 employees and includes the leadership and executive team, an in-house technical team, production employees and trainees from NAITA & fixed term contract. No part time and outsourced employees in the Regnis Group.

CLEARLY DEFINED HR POLICY

Human resources management at the Group is guided by a comprehensive HR policy together with clearly defined procedures. Both the policy and procedures are aligned to those of the parent entity Singer (Sri Lanka) PLC and draw strength from the prowess of Hayleys PLC, Sri Lanka's largest and most diversified conglomerate. All our HR practices are fully compliant with all regulatory requirements and industry best practices. The HR policy comprises sub policies connected to the entire lifecycle of an employee, such as recruitment, training and development and health and safety among others, thereby ensuring specific care for every aspect of employee engagement. Regnis's strong policy frameworks ensure equitable treatment of all employees and propagate an inclusive culture in which all employees can thrive.

Team profile by gender and employment category

	Composition of staff by gender							
2022/23	Permanent		Trainees		Contract		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Regnis (Lanka) PLC	245	9	60	-	-	4	305	13
Regnis Appliances (Pvt) Ltd	54	1	-	-	5		59	1
Total	299	10	60	-	5	4	364	14
Percentage composition							96%	4%

Team profile by gender and region

2022/23						
Region	Regnis (Lanka) PLC		Regnis Appliances		Total Male	Total Female
	Male	Female	Male	Female		
Western	167	12	52	1	219	13
Central	8	-	-	-	8	-
Southern	28	-	4	-	32	-
Eastern	3	-	-	-	3	-
North Central	1	-	-	-	1	-
North Western	7	-	2	-	9	-
Uva	17	1	-	-	17	1
Sabaragamuwa	14	-	1	-	15	-
Northern	-	-	-	-	-	-
Total	245	13	59	1	304	14
* Excluding trainees						

Team profile by age and employment category

Company	Category	Age in years				Total
		18-28	29-39	40-50	Above 50	
Regnis (Lanka) PLC	Key and Senior Management	-	-	-	2	2
	Middle Management	-	4	4	-	8
	Junior Management	-	1	-	-	1
	Executives	-	-	1	1	2
	Non-Management	24	72	78	71	245
Regnis Appliances (Pvt) Ltd	Key and Senior Management	-	-	1	-	1
	Middle Management	-	-	-	-	-
	Junior Management	-	1	-	-	1
	Executives	-	1	-	-	1
	Non-Management	6	34	12	5	57

Team profile by employment contract and region

Province	Regnis Lanka PLC		Regnis Appliances	
	By Contract		By Contract	
	Permanent	Fixed Term	Permanent	Fixed Term
Western	176	3	49	4
Central	8	-	-	-
Southern	28	-	4	-
Eastern	3	-	-	-
North Central	1	-	-	-
North Western	7	-	1	1
Uva	17	1	-	-
Sabaragamuwa	14	-	1	-
Northern	-	-	-	-
Total	254	4	55	5

RECRUITMENTS

Our recruitment policy aims to recruit the right set of skills and attitudes that are vital in continuing the Regnis culture and driving excellence in performance. All recruitments follow a formal proceeding and are centred on the principle of equal and fair opportunity to all applicants. The year saw 5 new recruitments, profiles of which are as presented below.

Recruitment by gender

Company		Male	%	Female	%	Total
Regnis (Lanka) PLC	2022/23	1	33%	2	67%	3
	2021/22	2	67%	1	33%	3
Regnis Appliances (Pvt) Ltd	2022/23	2	100%	-	-	2
	2021/22	5	100%	-	-	5

Recruitment by Province

Province	Regnis (Lanka) PLC		Regnis Appliances (Pvt) Ltd	
	2022/23	2021/22	2022/23	2021/22
Western	3	3	2	4
Central	-	-	-	-
Southern	-	-	-	-
North Central	-	-	-	1
North Western	-	-	-	-
Eastern	-	-	-	-
Sabaragamuwa	-	-	-	-
Uva	-	-	-	-
Northern	-	-	-	-
Total	3	3	2	5

Recruitment by age

Company	Year	Below 30 Years			30-50 Years			Over 50 Years		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Regnis (Lanka) PLC	2022/23	-	2	2	1	-	1	-	-	-
	2021/22	-	-	-	2	1	3	-	-	-
Regnis Appliances (Pvt) Ltd	2022/23	2	-	2	-	-	-	-	-	-
	2021/22	2	-	2	2	-	2	1	-	1

STAFF TURNOVER

During the year, the Group recorded a total of 24 resignations during the year. This was higher compared to the 2021/22 period where total resignations were 20.

Turnover by gender

Company	Year	Male	Female	Total
Regnis (Lanka) PLC	2022/23	10	5	15
	2021/22	12	1	13
Regnis Appliances (Pvt) Ltd	2022/23	9	-	9
	2021/22	6	1	7

Turnover by age

Company	Year	Below 30 Years			30-50 Years			Over 50 Years		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Regnis (Lanka) PLC	2022/23	-	2	2	8	2	10	2	1	3
	2021/22	1	-	1	2	-	2	9	1	10
Regnis Appliances (Pvt) Ltd	2022/23	1	-	1	8	-	8	-	-	-
	2021/22	3	1	4	2	-	2	1	-	1

Turnover by Province

Province	Regnis (Lanka) PLC		Regnis Appliances (Pvt) Ltd	
	2022/23	2021/22	2022/23	2021/22
Western	9	12	7	6
Central	-	-	-	-
Southern	5	1	1	-
North Central	-	-	1	-
North Western	-	-	-	-
Eastern	-	-	-	-
Sabaragamuwa	1	-	-	1
Uva	-	-	-	-
Northern	-	-	-	-

Staff retention

During the year our staff retention rates remained at healthy levels compared to the previous year, despite a mass exodus of skilled labour out of the country in response to the economic crisis and socio-political risks. This is affirmation of the strong bonds the Regnis team maintains with the employer and high level of job satisfaction.

Staff retention	Regnis (Lanka) PLC	Regnis Appliances
2022/23	96%	91%
2021/22	96%	90%

Training and Development

A significant amount of effort in managing our human resources is focused on training and development. We strongly believe in the importance in keeping our staff up to date in necessary knowledge and skills, which leads to rewarding careers to our employees and enhanced benefits to the organization such as driving organizational tacit knowledge.

Given below are the salient features of our training and development initiatives.



Regnis has established systematic training and development interventions focused on developing and managing skills in a holistic and structured manner, in line with the Group's strategic goals aspirations. The main programs outlined below.

- ◆ Introduction of 6 values to Regnis staff – Value launch program with the participation of whole management and non-management staff.
- ◆ Workshop to enhance the knowledge on procurement & supply chain.

Training statistics 2022/23

2022/23	Male		Female		Average Training Hours	
	No.of participant	Training hours	No.of participant	Training hours	Male hours	Female hours
Management Staff	12	93	3	15	8	5
General Staff	268	1437	13	65	5	5

Performance management and rewards

The Group's performance management is underpinned by clearly defined performance targets, close engagement with staff members and annual and semi-annual performance appraisals. As depicted in the table below, 100% of our employees engaged in performance reviews. The outcomes of performance appraisals are directly linked to rewards and opportunities for career progression. Equitable treatment to all our employees are fully ensured when determining promotions and remuneration based on performance appraisals.

The Group adopts the performance appraisal system through management by objectives methodology for setting standards, measuring and managing performance.

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

Following are some of the salient benefits offered to our employees.

- ◆ Above industry average basic remuneration
- ◆ Remuneration of factory level staff determined through a collective agreement negotiated with trade union representatives every 2 years
- ◆ 12% and 3% of gross emoluments contribution by the Group to Employees' Provident Fund/ Mercantile Services Provident Society and Employees' Trust Fund respectively in line with regulatory requirements

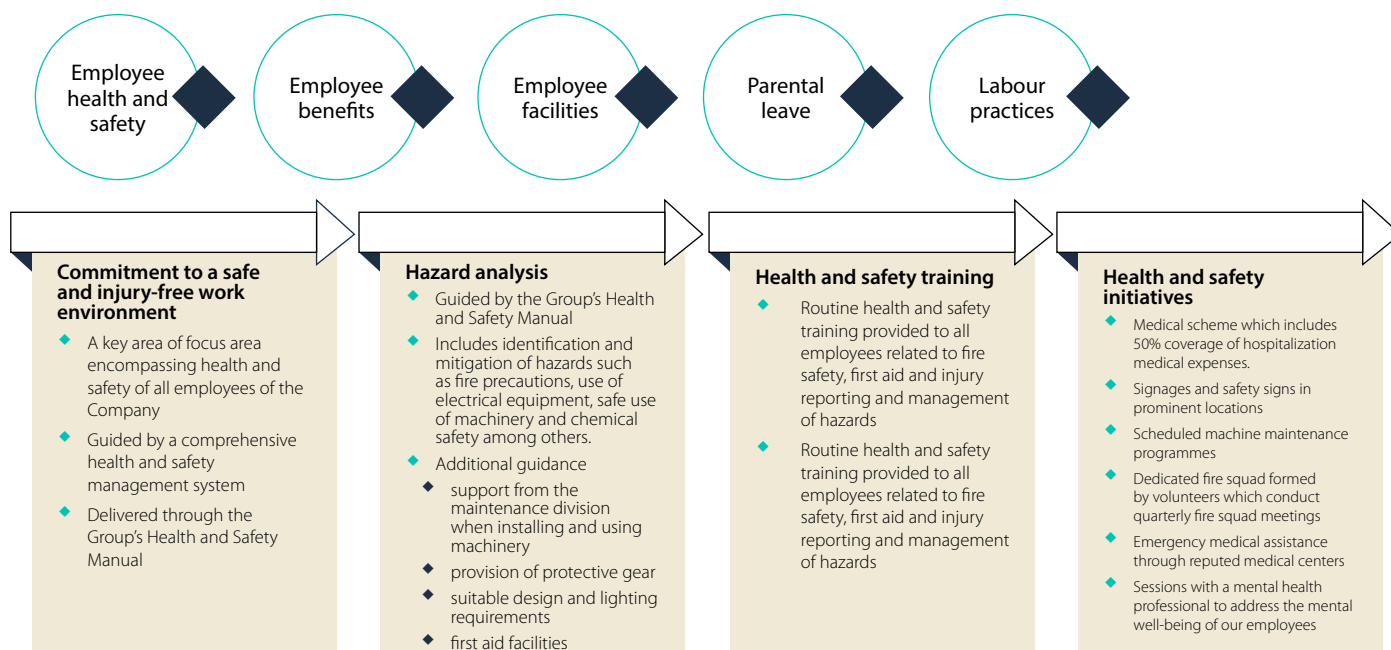
- ◆ Non-contributory defined benefit plan providing for gratuity benefits payable to employees

Various other attractive benefits as listed below

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

Ensuring the well-being of our employees

The Group has a strong health and safety framework in place to ensure a safe and sound environment to our employees. Additionally, Regnis employees enjoy a wide range of financial and other benefits, which are offered to them to ensure the quality of their lives and their families. The Group continually reviews such benefits to ensure they are relevant in the prevailing conditions and value adding to the employees.



	Regnis (Lanka) PLC	Regnis Appliances
Workplace Injuries	7	1
Lost day rate	-	-
Occupational diseases rate	-	-
Work-related fatalities	-	-

EMPLOYEE BENEFITS

The Group has curated a wide range of monetary and non-monetary benefits for our permanent employees.

- Medical expenses - Grade-wise reimbursement levels. Any excess equally split between the Company and the employee, or full amount borne by the Company at its discretion
- Hospitalisation cover - For management staff
- OPD treatment for their immediate family members
- Accident coverage - Extended to all staff members who incur accidents either at the workplace or during official travel.
- Travel facilities are provided to employees who have to travel for official purposes. Includes vehicle maintenance,

transport allowances and reimbursement of travel expenses.

- Professional subscriptions - Paid to employees who are members of professional associations, as part of a Company benefit scheme.
- Educational aid scheme - Allows employees to obtain financial assistance subjected to a pre-determined limit for studies done in one's field of work and that which adds value to the current position or in the case of those identified to be promoted, for the next position.
- Loans - The Company provides distress loans for emergencies and, low interest/ interest free loans for the purchase of vehicles.
- Death donations - Given in the event of the death of an employee or the spouse, parent, child, or unmarried sibling of an

employee. In the event of the death of an employee the Company also grants a six-month salary payment to the family to alleviate the loss of income.

EMPLOYEE FACILITIES

In our bid to ensure a rewarding and satisfactory career, the Group offers its employees a wide range of facilities and benefits. Some of these facilities are common to all staff members whereas certain facilities are job grade and function specific.

Examples

- 42 days leave per annum
- 3 -day excursions
- Uniforms
- Staff discounts for SINGER products
- Loans
- Opportunity to participate in sports activities

PARENTAL LEAVE

Maternity leave - All female employees entitled to maternity leave according to statutory provisions. The details of numbers who availed themselves of the leave are given below.

Maternity Leave in 2022/23	Regnis (Lanka) PLC	Regnis Appliances (Pvt) Ltd	Total
Employees on maternity leave	-	1	1
Employees who return after maternity leave	-	-	-
Employees still in employment 12 months after returning maternity leave	-	-	-

EMPLOYEE ENGAGEMENT INITIATIVES

Volunteer Vegetable Cultivation Program

'Sustainability through cultivation' on the concept of our Group CEO and due to the prevailing economic crisis in the country and also in the hope of reducing the starvation of the people, we planned to cultivate vegetables on the remaining spaces in our factory land as well as the land at our Subsidiary Regnis Appliances. We managed to cultivate vegetables such as brinjal, bandakka, batata, manioc, dambala, kankum, cowpea, capsicum, nivithi etc. Over a 50 perch land inside the factory and distributed the harvest among employees to ease their burden. Employees were happily supported towards this project during this respective year.



Volunteer Vegetable Cultivation Program-Regnis Appliance



Volunteer Vegetable Cultivation Program-Regnis Appliance



Volunteer Vegetable Cultivation Program-Regnis (Lanka) PLC



Volunteer Vegetable cultivation Program-Regnis (Lanka) PLC

During the year the following engagement activities were organised by the company to build team spirit and camaraderie amongst the employees:



Ladies Dayout-2022



International Women's Day Celebration - 2022



Cricket tournament

◆ Employees Suggestion Scheme

To enhance the level of commitment and involvement of our own employees towards the company. In January 2023 we introduced a suggestion scheme. Happy to say that we got close to 100 suggestions from them. Most of them already implemented and some in pipe line for future reference.

LABOUR PRACTICES

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

TRADE UNIONS

- ◆ 3 trade unions
- ◆ 90% of employees represented at Regnis (Lanka) PLC
- ◆ Covered by collective agreements - includes a range of health and safety aspects such as working conditions, medical benefits, provision of PPE among others
- ◆ The Management always provides adequate notice to all employees regarding major operational changes

The Management maintains a very cordial relationship with the trade unions with regular dialogues taking place between the management and branch unions to discuss any issues and arrive at amicable solutions. The sound relationship between the two parties have enabled the prevention of any concerns from escalating into serious disputes and has fostered a productive environment within the Company.

Company	No of employees unionized	
Regnis (Lanka) PLC	CIWU	7
	CMU	167
	ICEU	47
	Non Union	24
	Total	245
Regnis Appliances (Pvt) Ltd*	*Non-unionized	environment.



Service Awards



Gents Trip - 2022



Value Launch Program -2022

WAY FORWARD

- ◆ Continued commitment to ensure physical and emotional well-being of our employees in the current challenged context
- ◆ Competitive compensation and rewards matched to market median to facilitate mutually beneficial long term relationships
- ◆ Structured training and development programmes in upskilling our team and preparing them for better business prospects in the medium to long term



INTELLECTUAL CAPITAL

What constitutes our Intellectual Capital:

- ◆ Our deep product and process knowledge of 37 years as Sri Lanka's leading refrigerators manufacturer and washing machines manufacturer
- ◆ Innovation in cutting-edge technology that meets environmental sustainability and emerging customer needs
- ◆ Organizational tacit knowledge
- ◆ Strength in SINGER and SISIL brands

The role of Intellectual Capital in our value creation process:

Our intellectual capital yields competitive edge and propels innovation which are critical for the success of our business. The organizational tacit knowledge sharpens our agility and resilience, particularly during times marked by external shocks and challenges.

Core outcomes of Intellectual capital through our value creation during the year:

0.5 Mn
in research and
development

9 SKU's
Minimum Energy
Performance

2 Models
with drop-in inverter
technology

Connectivity to other capitals:

- ◆ Manufactured capital - Innovation enhances leaner processes
- ◆ Human capital - Drives organizational tacit knowledge
- ◆ Social & relationship capital - Innovation drives better solutions to customers
- ◆ Natural capital - Innovation drives smarter solutions that preserve the environment
- ◆ Financial capital - Funds innovations, and is enhanced by stronger brand and greater sales on account of innovative product features

Stakeholders impacted:



EMPLOYEES



CUSTOMERS

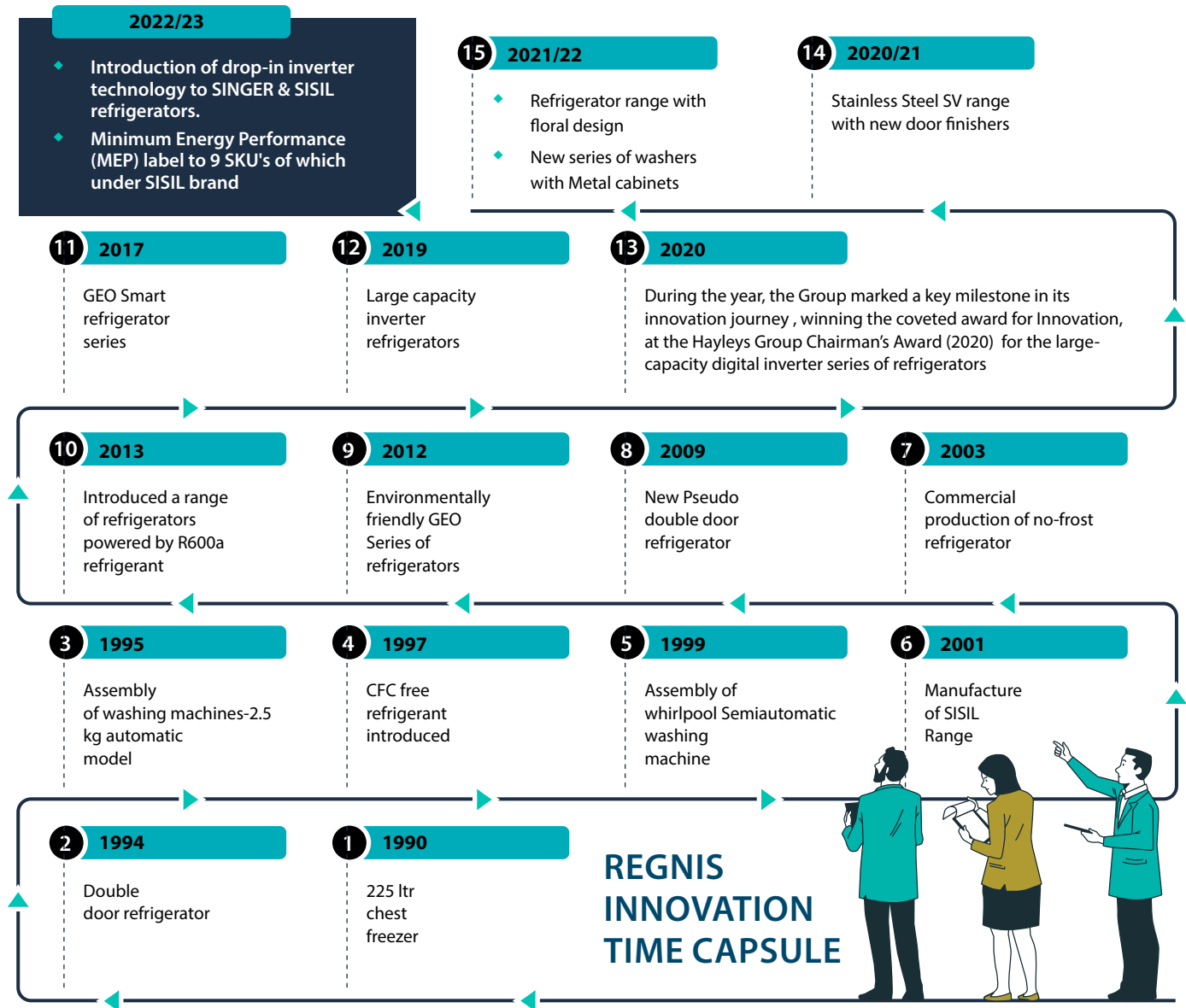
Key risks and mitigants

- ◆ Competition from other brands - Enhancing brand loyalty through quality and affordability
- ◆ Impact on organizational tacit knowledge due to brain drain - Concerted efforts in preserving human capital
- ◆ Lack of funds for innovation due to impact on financial crisis -
- ◆ Funds allocated for innovation

Relevance to our strategy

The Group's Intellectual capital is crucial to maintaining its competitive edge, facilitating the development of innovative products of international quality in line with emerging customer needs.





Enhanced energy efficiency in our products as affirmed by the Sri Lanka Sustainability Energy Authority

FACTORS THAT DRIVE INNOVATION AT REGNIS

REGNIS PROWESS IN INNOVATION

Innovation at Regnis has been a constant. Our product portfolio in refrigerators and washing machines have continually and sustainably evolved in response to emerging customer preferences, global trends in technology and environmental friendly features. This has enabled us to maintain market leaderships status as Sri Lanka's leading refrigerators manufacturer.

Strategic focus in driving affordability and value for money

Commitment to superior product quality

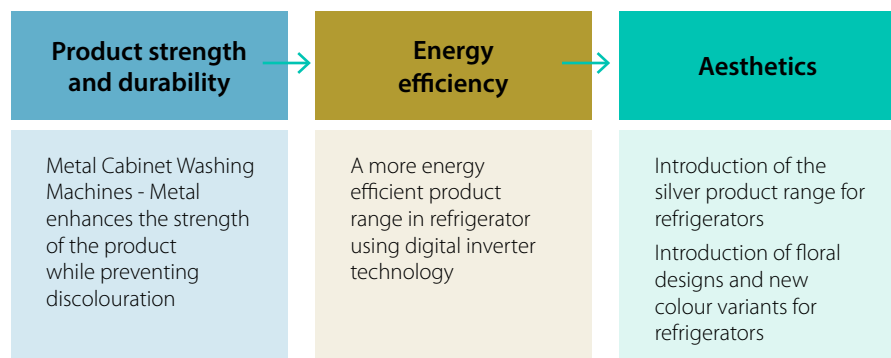
Evolving customer preferences

New technological developments in manufacturing

Environmental consciousness

DIFFERENTIATION IN OUR PRODUCTS

We continually strive to offer our customers novelty, efficiency, durability and aesthetics in our products. This has led to a dynamic product range for our customers, fortified by following attributes.



Singer - An award winning brand

SINGER

SINGER brand enjoys presence in the Sri Lankan market since 1877 touching lives and bringing affordable luxury to thousands of Sri Lankans. The brand is synonymous with exceptional quality, durability, trust and value for money. We continue to enjoy high customer acceptance and strong brand loyalty which demonstrate the sustained strength of the Singer brand through the years amidst intense competition from multiple other brands.

THE STRENGTH OF OUR PRODUCT PORTFOLIO



NEW INNOVATION

- ◆ Conversion of non-bio-degradable waste materials to manufacture components in refrigerator
- ◆ Introduction of LPG in to welding system.

IT INFRASTRUCTURE DEVELOPMENT

We intend to do productive improvements to Regnis IT system by changing IT infrastructure and implementing smart apps and devices.

Embark on cloud systems

Today one of the most common reasons why organizations embark on a cloud migration is to reduce high cost of IT infrastructure. Further this approach increases the business agility and improves data security.

Regnis plans to move for cloud systems which facilitate high-tech communication and high availability of information.

Moving away from paper work

A paperless businesses are more organised and also increases productivity and efficiency.

Even though we can't eliminate every shared of paper, we imply to minimize

paperwork consecutively by implementing more workflow systems in line with main ERP system. This approach goes a long way in eliminating anomalies and the fear of misplacing important documents. Further it predispose better collaboration and communication with reducing the cost.

AWARDS AND RECOGNITION

Singer has been a constant recipient of awards, which are independent external endorsements of our strength and stability.

Awarding body	Performance aspect	Awards won
CA Sri Lanka	Corporate reporting	Silver award - Manufacturing Sector (Group Turnover Upto LKR 10 Bn)

CERTIFICATIONS THAT DRIVE OUR EFFICIENCIES

We often draw strength and comfort from external certification of our processes as such certifications often lead to enhanced efficiencies.

- ◆ ISO 9001:2015 Quality Management certification

Processes assessed

- ◆ Quality management system development
- ◆ Management system documentation review
- ◆ Pre-audit, initial assessment and clearance of non-conformances

Benefits involved - Enables the Group to undertake corrective action to eliminate non-conformances in the quality management process.

- ◆ The Group coincides with the pilot refrigerator replacement project initiated by the Sri Lanka Sustainable Energy Authority (SLSEA) on February 17th 2023. The project introduced a Minimum Energy Performance (MEP) label to 15 SKU's of Refrigerators in the Sri Lankan market, out of which SISIL brand under Regnis comprises of 9 SKU's.

ENERGY LABELING OF 9 SKU'S

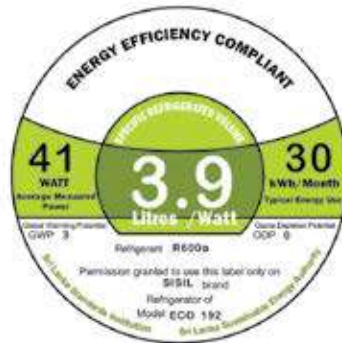
Singer Sri Lanka, a prisoner in the consumer electronics industry, has introduced a range of cutting-edge technological innovations to its line of eco-friendly refrigerators. These innovations are setting a new standard in the market and helping consumers save both money and energy. This coincides with the pilot refrigerator replacement project initiated by the Sri Lanka Sustainable Energy Authority (SLSEA) on February 17th 2023. The project introduced a Minimum Energy Performance

(MEP) label to 15 SKU'S of in the Sri Lankan market, out of which SISIL brand under Regnis comprises of 9 SKU'S. This enables customers to identify energy-efficient products at the point of sale by display of energy usage information. The objective of program is to progressively reduce energy consumption by encouraging energy-efficient products and discouraging energy-wasting products in the market, thereby forcing out obsolete refrigerators from the grid.

Regnis who leads by Singer Sri Lanka has been at the forefront of technological innovations in refrigeration. One of the key features of SINGER/SISIL refrigerators is the use of R600a refrigerant, which was introduced by Regnis approximately ten years ago. This environmentally friendly refrigerant has since become the standard in the South Asian region, with other vendors & brands following suit. SINGER/SISIL refrigerators are also among the most efficient and energy saving on the market, boasting an impressive A+++ rating.



Minimum Energy Performance label to 9 SKU's



Manufacturing Sector (Group Turnover Upto LKR 10BN)-Silver Award by CA Sri Lanka

WAY FORWARD

- ◆ Continued investments in innovation for superior product quality, greater environmental friendliness and affordability for customers
- ◆ Strengthening the Singer brand among the masses through strategic marketing initiatives



SOCIAL AND RELATIONSHIP CAPITAL

What constitutes our Social and relationship Capital?

Our Social and Relationship Capital represents the relationships we maintain with our customers, business partners, suppliers, communities and other related stakeholders.

The role of Natural Capital in our value creation process:

Our products are centred on the evolving needs of our customers. It is critical for us to identify and respond to the needs of customers and other stakeholders through meaningful engagements in our value creation process.

Core outcomes of Social and relationship Capital through our value creation during the year:

97% Customer satisfaction rate	5428 Mn Supplier Payments	60% Spent on Local Suppliers	3273 Mn Payments to Local Suppliers
250 Number of suppliers	416 Customer contact point		
10% SME Suppliers	134 Indirect employment	10 Subcontractors	74 Mn Payments to Subcontractors

Connectivity to other capitals:

- Human capital – Our employees ensure the delivery of quality products that meet customer needs
- Intellectual capital – Our reputation and brand image has a positive correlation with the demand for our products and brand loyalty
- Our innovations drive customer satisfaction

Relevance to our strategy

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

Stakeholders impacted



Key risks and mitigants

- Intense competition stemming from other local and foreign brands which affect our market share
- Mitigant: Strong product features, affordability and value for money of our products
- Supplier related issues which may hinder regular flow of input material
- Mitigant: Maintain close and regular engagements with suppliers
- Flexibility in delivery terms during challenged times

CUSTOMERS

The SINGER and SISIL brands garner the respect of thousands of customers across Sri Lanka. Our products are delivered to customers through the wide network of Singer outlets of our parent company exceeding 416 outlets across all nine provinces of Sri Lanka. Whilst the Singer outlets maintain direct customer engagements in terms of sales and marketing, Regnis Lanka PLC too maintain customer relations in a bid to understand their evolving needs as these form key input to the product development process. Market insights are also delivered by our parent company which are considered in product innovations.



Customer privacy

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



Social and economic area

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



Product and service usage

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

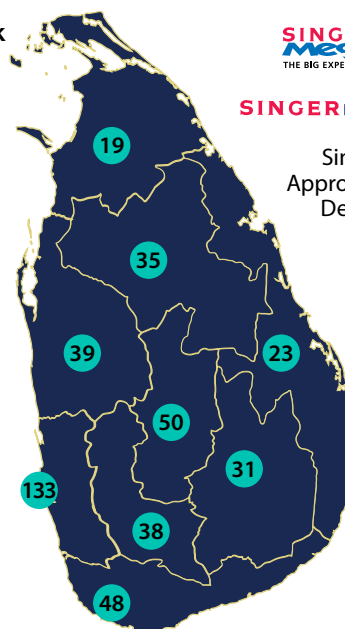
Our customer value proposition

Our unique customer value proposition is encapsulated in three predominant attributes as follows.



Our Sales Network includes

416
Shops
16
Service centres
1,200+
Extensive Dealer Network
200,000
Sq.m retail space



SINGER Mega
THE BIG EXPERIENCE

28

SINGER Plus

351

Singer
Approved Dealer

37



Affordable Innovation

- ◆ Research and development aligned with evolving needs of customers leading to superior products at competitive price points
- ◆ Innovation centred on improving product performance, efficiency and design which has facilitated the development of a broad product portfolio
- ◆ Import duty structure enjoyed as a local manufacturer assisting competitive pricing
- ◆ Commitment to innovation leading to maintaining market share amidst intense competition from international brands



Product Accessibility

- ◆ Strong penetration of Regnis products in both urban and rural areas of the country through parent entity's unmatched geographical reach
- ◆ 416 customer points in 09 provinces consisting of Singer Mega, Singer Plus and Singer Homes outlets
- ◆ Singer Group's efforts to consolidate its distribution network and optimise its footprint leading to increased demand for Regnis' product range



Product Responsibility

- ◆ Commitment to ensuring safety of our products during consumption
- ◆ Comprehensive tests conducted during and post-production to ensure quality of all our products
- ◆ Clear and relevant instructions to customers on how to operate products through comprehensive user manuals
- ◆ Detailed instructions on installation, maintenance, and daily operations in all three languages provided with every purchase
- ◆ No instances of non-compliance pertaining to regulations or standards relating to health and safety impacts of products/ services or product and service information and labeling reported during the year
- ◆ No instances of non-compliance relating to marketing communications during the year
- ◆ All products and services were assessed for health and safety impacts.

Province	Singer Mega	Singer plus	Approved Dealer	Total
Northern	-	18	1	19
Eastern	-	22	1	23
North Central	-	33	2	35
North Western	1	35	3	39
Central	2	40	8	50
Sabaragamuwa	-	35	3	38
Western	25	107	1	133
Uva	-	23	8	31
Southern	0	38	10	48
	28	351	37	416



CUSTOMER SATISFACTION

Measuring customer satisfaction is of utmost importance for us as same enables us to gauge the success of our efforts. Following modes are available for customers to share their feedback.

- ◆ Feedback forms which are provided with all products at the point of sale
- ◆ Complaints can also be made to the Group which are addressed by the respective branch managers at the retail outlets



BUSINESS PARTNERS

Our business partners and suppliers are integral in the continued operations and quality of our output. Our business partners and suppliers universe comprise both local and global parties. Given the acute hardships we encountered during the year in procuring our inputs, our efforts in managing suppliers were fortified with greater focus and empathy.

Supplier category	Key input sourced	Extent of engagement during the year
Local suppliers	Packing material Cartons Plastic components Styrofoam	We drove greening the supply-chain during the year by progressively moving to paper-pulp in place of styrofoam, and aligning our suppliers towards the provision of same.
Global suppliers	Steel sheets Compressors Washing machine kits	Given the challenges of scarcity of import raw material with restrictions in place, escalating product prices and other related costs such as freight, we heightened our proactive engagements with global suppliers to ensure timely and cost optimized deliveries.
Sub-contractors	Component manufacturing Powder painting Fabrication	The Group engages 10 sub-contractors as part of the manufacturing process who in turn employ 50 persons including 15 disabled persons. The increase in production volumes at Regnis led to a parallel increase in subcontractor volumes resulting in shared value creation. We support our subcontractors through the provision of engineering and quality support, financial assistance and the provision of moulds and machinery

SUPPLIERS

Overview of procurement process

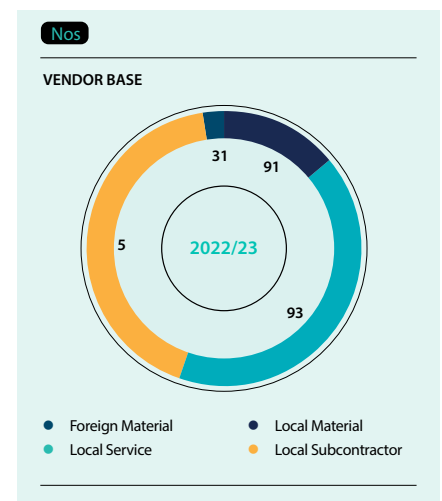
Order stock model practiced beginning of the year and mix model used in latter part of the year due to high stock levels in the premises caused by low sales in the market. In order to manage the situation, we had made decisions to stop ordering and withdraw some contracted orders. The main challenges were,

- ◆ Keep the vendors without any bad mind set towards the company.
- ◆ Purchase only the required quantities despite of agreed MOQ's with vendors.
- ◆ Support finance to maintain the cash flow while making on time payments to vendors.

A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services

- ◆ Types of suppliers
- ◆ Total supplier base – number of partners

Source	Category	Number of Vendors
Foreign	Material	31
Local	Material	91
Local	Service	93
Local	Subcontractor	5



Payments to suppliers**Imports**

Payment Term	Proportion %
LC	72%
TT	20%
DA	8%

Local

Payment Term	Proportion %
30 – 45 Days Credit	100%

Other relevant data**Factors taken into account when assessing / evaluating suppliers**

- ◆ The level of market that particular vendor is serving.
- ◆ How capable their operation to cater our requirement without any interruptions.
- ◆ Financial conditions of the new vendor that are to be adopted.
- ◆ Quality levels of materials and process quality certification.
- ◆ References of customers where they serve currently for a considerable period of time.

Percentage of new suppliers that were screened using social criteria

There are no new vendor developments took place due to the diminishing order patterns and focused only to maintain current suppliers without losing them.

Percentage of new suppliers that were screened using environmental criteria.

There are no new vendor developments took place due to the diminishing order patterns and focused only to maintain current suppliers without losing them.

Negative social impacts in the supply chain and actions taken

- ◆ Subcontractors were affected due to low order situation and they didn't had enough works to continue their businesses. To manage local subcontractors in a way that they can survive with low order situation. Every possible way of giving them minimum service requirement to avoid their difficulty of continue the businesses.

OUR COMMITMENT TO ETHICAL BUSINESS PRACTICES**Commitment To Anti-Corruption**

Apart from investing in our community, as a responsible business, we adhere to the procedures of zero tolerance to corruption, compliance, non-discrimination, business ethics and our Environmental and Social Risk Policy and all other rules and regulatory governance in Sri Lanka. The company's management's support for anticorruption is discussed in detail in page 81 in Corporate Governance report to the annual report in page 79 to 113.

Anti-corruption safe guards

The Company's policy on anti-corruption explicitly apply to all employees and directors and they must comply with the policy. Our Internal audit unit handles all internal anticorruption activities, whereas our compliance officer handles all externality-corruption activities and compliance. The Human Resource team reviews and discusses internal discrimination and corruption further and providing a mandatory training programme to all the employees on anti-corruption to keep the employees updated. There were no incidents of discrimination reported in the Company in the year under review.

Anti-corruption incidents of business partners

The anti-corruption policy is explicitly applying to the agents and advisors who

are not employees but are authorized to act on behalf of the Regnis (Lanka) PLC and to non-controlled persons or entities that provide good or services under contracts as well. During the year under consideration, no incidents took place where contracts with business partners were terminated or not renewed due to violations related to corruption or public legal cases regarding corruption brought against the organization or its employees

Regular monitoring on anti-corruption programme

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

Child labour

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

COMMUNITY EMPOWERMENT

Community empowerment continued unabated through the financial years despite the hardships. Discussed succinctly below are highlights of same together with employee volunteerism.



Donation of refrigerators	Monetary donations	Employee volunteerism
<p>We donated refrigerators to needy recipients, where the units make a critical impact.</p> <p>Donation of a refrigerator to the Apeksha Hospital which supports preserve the efficacy of life-saving valuable Medicine</p>	<p>Sponsorship to the annual prize giving of the St. Francis Xavier's Church in Halpe-Katana</p>	<p>Regnis Staff provided their valuable service to 'Sama Viharaya' located close to Ratmalana factory during religious ceremonies attended by many devotees</p>
<p>Donation of a refrigerator to the Castle Street Women's Hospital which supports preserve essential drugs that ensure the well-being of both mothers and babies</p>	<p>Sponsorship to the Staff Welfare Society of the Sri Lanka Customs</p>	
<p>Donation of a refrigerator to the Samatha Vipassana Bawana Center-Polgasowita'</p> <p>Donation of a refrigerator to the Mount Lavinia police station</p>	<p>Cash donation to Moratuwa Municipal Council</p>	

OUR NETWORK OF MEMBERSHIPS

The Group maintains a wide and diverse range of relationships with industry related organizations. The Group often engages with them in knowledge sharing, enhancement to businesses processes, innovations, etc. Some of them are Government related entities who regulate our business, with whom we maintain exceptional relationships with 100% compliance with applicable laws and regulations.





NATURAL CAPITAL

What constitutes our Natural Capital:

Energy, water, land and other natural resources that go in to our value creation process

The role of Natural Capital in our value creation process:

Natural capital provides essential input in our value creation process most of which cannot be substituted.

Core outcomes of Natural Capital through our value creation during the year:

524

MT carbon foot
print

61

MT waste
generated

6%

Recycled Inputs
Materials

32%

reduction in
energy usage

Connectivity to other capitals:

- ◆ Financial capital - Investments in environmental initiatives
- ◆ Manufactured capital - Expansion in our factory operations will impact environment through increased resource usage, waste, and emissions
- ◆ Human capital - Employee volunteerism in environmental preservation initiatives
- ◆ Intellectual capital - Our reputation and brand image has a positive correlation with our efforts in preserving the environment

Hayleys Life code



Energy and emission
management



Water
management



Material and waste
management



Chemical
management



Bio-diversity
conservation

Stakeholders impacted



EMPLOYEES



COMMUNITIES



GOVERNMENT/
REGULATOR

Key risks and mitigants

- ◆ Possible hazardous emissions from our manufacturing processes
- ◆ Mitigant - Stringent processes in place to manage environmental impact
- ◆ Impact of climate change
- ◆ Mitigant - Enhancing our product technologies which cause minimum impact on climate change
- ◆ Other initiatives that preserve environment and eco-systems

Relevance to our strategy

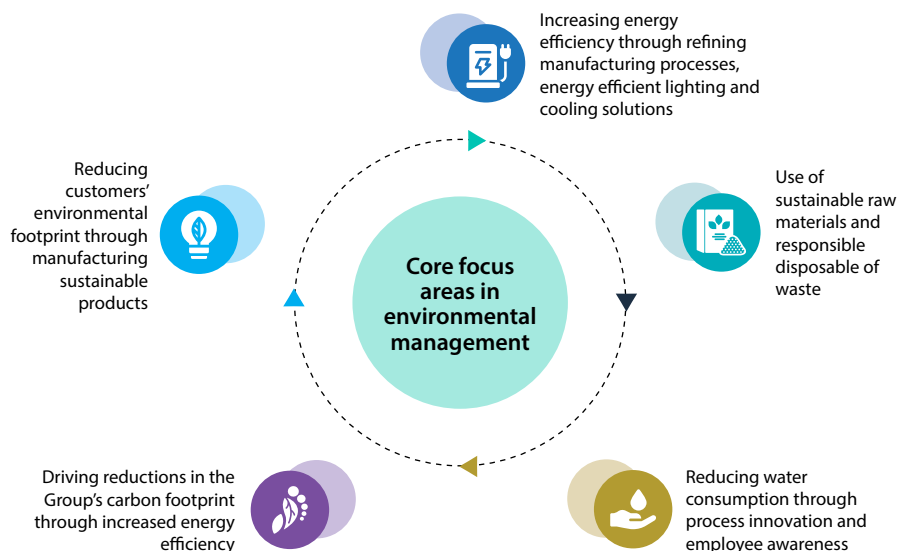
- ◆ Ongoing focus on reducing energy consumption and enhancing energy efficiency
- ◆ Development of sustainable products to reduce customers carbon footprint.

OUR APPROACH TO ENVIRONMENTAL MANAGEMENT

The Company is strategically committed to reducing its carbon footprint through optimising the use of natural resources and responsibly disposing our outputs. This strategic commitment is formalized in an environmental management framework, shaped by the parent entity- Singer (Sri Lanka) PLC and the ultimate parent- Hayleys PLC. We benefit from the sustainability vision, practices and guidelines of Hayleys PLC which is considered as a pioneer in sustainability across several industry sectors.

Measures are in place to identify, measure and manage impacts by referencing globally accepted environmental standards and reporting tools. Our environmental policy is communicated to all employees and reinforced through training programs, signposts, and written communication

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



ENERGY CONSUMPTION

As a manufacturing entity of luxury electrical goods, our energy usage is high. Key energy sources are electricity and diesel. How we drive energy efficiency are as follows;

- ◆ Organisation-wide efforts to nurture a culture of energy consciousness
- ◆ Ongoing investments in new technology process improvements
- ◆ Replacement of CFL lighting with more energy efficient LED solutions
- ◆ Pre-planned maintenance schedules to maximise energy efficiency
- ◆ Application of renewable energy solution in medium to long term

Regnis (Lanka) PLC	2022/23	2021/22	Change %
Diesel (litres)	31,390	23,389	34.21%
Electricity (Kwh)	483,357	882,181	-45.21%
Diesel energy consumption in kJ (Mn)	1,160	865	34.21%
Electricity consumption in kJ (Mn)	1,740	3,176	-45.21%
Total energy consumption in kJ (Mn)	2,900	4,040	-28.22%
Diesel energy intensity ratio kJ/unit	24,934	6,927	259.96%
Electricity energy intensity ratio kJ/unit	37,397	25,448	46.95%
Total energy intensity ratio	62,331	32,375	92.53%

Regnis Appliances (Pvt) Ltd	2022/23	2021/22	Change %
Diesel (litres)	9,630	5,610	72%
Electricity (Kwh)	628,554	1,058,329	-41%
Diesel energy consumption in kJ (Mn)	356	207	72%
Electricity consumption in kJ (Mn)	2,263	3,810	-41%
Total energy consumption in kJ (Mn)	2,619	4,017	-35%
Diesel energy intensity ratio kJ/unit	11,412	3,410	235%
Electricity energy intensity ratio kJ/unit	72,549	62,661	16%
Total energy intensity ratio	83,960	66,071	27%

WATER CONSUMPTION

Water is a resource used in lesser intensity compared to energy, and the main usage of water is for employee consumption purposes. Nevertheless we endeavour to optimize water usage by driving behavioural changes in our employees thereby reduce stresses on the source from which we derive water, that is ground water.

Water-usage optimization methods deployed at Regnis Group

- ◆ Re-use of water consumed in machine testing by diverting it to plastic injection moulding chillers. Expected water to be saved - approximately 2000 litres per annum
- ◆ Rainwater harvesting project with a collection capacity of 2000 litres, which is expected to result in a sizable reduction in water withdrawal.

Regnis (Lanka) PLC	2022-2023	2021-2022	%YoY
Municipal Lines Water consumption (m ³)	2,155	3,602	-40%
Ground Water consumption (m ³)	4,310	7,204	-40%
Water consumption per unit (m ³ /unit)	0.09	0.03	221%
Total water usage (lts)	4,310,000	7,204,000	-40%
Total water intensity ratio lts/unit	93	29	221%

Regnis Appliances (pvt) Ltd	2022-2023	2021-2022	%YoY
Municipal Lines Water consumption (m ³)	4,172	5,249	-21%
Ground Water consumption (m ³)	-	-	-
Water consumption per unit (m ³ /unit)	0.13	0.04	234%
Total water usage (lts)	4,172,000	5,249,000	-21%
Total water intensity ratio lts/unit	134	42	218%

RAINWATER HARVESTING

Regnis Appliances Pvt Ltd successfully introduced a rainwater harvesting pilot project which uses the collected rainwater for its vegetable and fruit cultivation program that commenced during the food crisis period last year. This enabled to use of rainwater for the entire cultivation for around 6 months continuously by saving around 1,000 liters per day instead of using purified pipe born water. One-fourth of its 2-acre land extent is occupied for cultivation and the entire water usage for gardening purposes will cover by the rainwater harvesting system. Quite a large rainwater storage facility to collect rainwater flowing from most of the roof coverage area of the factory buildings which use to manage rainwater, used for this project with proper water pumping arrangement to an overhead tank and stored higher elevated rainwater directed through a pipe network to the various places of the garden to ease the water distribution. As a result, it was able to use 25,000 liters of rainwater per month for the entire gardening process.

Apart from gardening, Regnis Appliances is planning to extend the usage of harvested rainwater further after proper purification, for the domestic usage of all cisterns in the washrooms and industrial usage such as cooling towers, and washing machines testing in the manufacturing process.



MATERIAL & WASTE MANAGEMENT

The aims of the Group's material management strategy

- ◆ Reduce plastic usage
- ◆ Optimise chemical usage
- ◆ Gradually replace non-biodegradable plastic with more sustainable materials

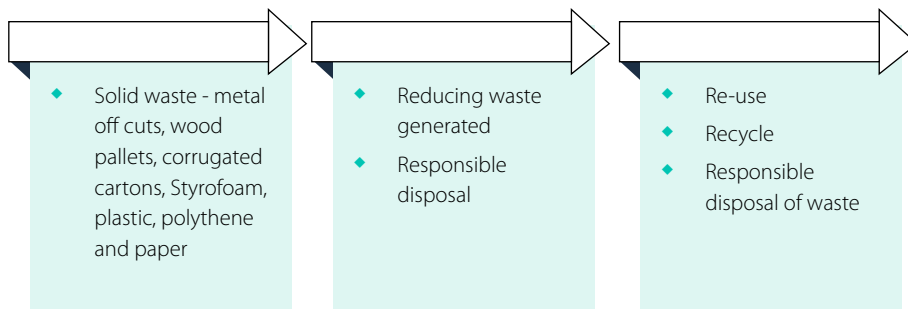
MATERIAL CONSUMPTION

Regnis (Lanka) PLC		2022/23	
MODEL	DIRECT MATERIALS (kg)	PACKING MATERIALS (kg)	TOTAL WEIGHT (kg)
SINGER GEO 185L SD DC	124,579	11,785	136,364
SINGER GEO 185L DC DD	321,491	28,487	349,977
SINGER GEO 225L DC DD	71,712	6,912	78,624
SISIL ECO 144L DC SD	143,038	10,518	153,556
SINGER RGS 144L DC SD	47,532	3,495	51,027
SISIL ECO 185L DC SD	180,960	16,240	197,200
SISIL ECO 185L DC DD	390,537	34,605	425,141
SISIL ECO 225L DC DD	74,493	7,180	81,673
SINGER GEO 227L NF DD	94,714	8,236	102,950
SISIL ECO 227L NF DD	175,260	15,240	190,500
SISIL SL-INV 227L INV DD	20,424	1,776	22,200
SINGER GEO 227L INV DD	87,722	7,628	95,350
SINGER SN-SMI 307L INV DD	55,440	4,528	59,968
SISIL SL-INV 307L INV DD	29,640	2,421	32,061
SINGER SN-SMI 277L INV DD	63,672	5,571	69,243
SISIL SL-INV 277L INV DD	33,264	2,911	36,175
TOTAL	1,914,477	167,530	2,082,007

Regnis Appliances (pvt) Ltd		2022/23	
MODEL	DIRECT MATERIALS (kg)	PACKING MATERIALS (kg)	TOTAL WEIGHT (kg)
SWM-SAR6	230,496	28,812	259,308
SL-WM68	51,480	6,435	57,915
SWM-FA70R	425,075	60,725	485,800
SWM-FR 72	64,365	9,195	73,560
SWM-WSFR7	105,105	15,015	120,120
SWM-FATL7R-BB	18,130	2,590	20,720
SWM-FAR75	14,700	2,100	16,800
SL-RFA75	17,675	2,525	20,200
SWM-MET80PL	13,370	1,910	15,280
SWM-MET80R	13,510	1,930	15,440
SWM-MET80GL	8,505	1,215	9,720
TOTAL	962,411	132,452	1,094,863

Replacing Styrofoam packaging with paper pulp material

- ◆ Launched in 2019/20
- ◆ Initially launched for the side packaging of the refrigerators and subsequently expanded this to include the top packaging of the Refrigerator & for washing machines
- ◆ Pulp is a wood-based renewable and bio-degradable raw material made from recycled waste-based paper or cardboards or Virgin fibre
- ◆ Replacing Styrofoam packaging with paper pulp material drives our go-green initiative
- ◆ Environmental benefits of paper pulp material – eco friendly, chemical free, open air drying, no water waste, zero manufacturing waste and 100% recyclable and biodegradable
- ◆ Impact – 33 MTs of Styrofoam prevented from entering the environment annually
- ◆ Up to 60% storage space saved

**Regnis (Lanka) PLC**

Method of disposal	Waste type	Estimated quantity
Factory reuse	HIPS-off cuts	55 MT
	ABS	10 MT
Recycled by a third party	Plastics and Polythene	4.05 MT
	Corrugated cartons	18.14 MT
	Chemical barrels	828 Nos
	Metal sheets	30.46 MT
Municipal garbage collection	PU foam	8.44 MT
	Stickers and tapes	Yet to be quantified
	Paper waste	Yet to be quantified
	Food waste	Yet to be quantified
	Other waste	Yet to be quantified

ASSESSMENT OF OUR CARBON FOOTPRINT**DATA COLLECTION**

This GHG inventory is prepared by using the actual electricity, diesel, water consumed and the logbook data for local travels, raw material import & finish product transportation to the Piliyandala ware house. The estimated solid waste generation, sent to the municipal;

GHG emissions are segregated into the following categories while quantification according to the guidance of ISO 14064-1:2019.

DIRECT GHG EMISSIONS – (SCOPE 01)

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

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

INDIRECT GHG EMISSION FROM IMPORTED ENERGY-(SCOPE 02)

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

INDIRECT GHG EMISSION FROM TRANSPORTATION-(SCOPE 03)

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

INDIRECT GHG EMISSION FROM PRODUCT USED BY ORGANIZATION-(SCOPE 04)

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

INDIRECT GHG EMISSION ASSOCIATED WITH THE USE OF PRODUCTS FROM THE ORGANIZATION(SCOPE 05)

Defined as the GHG emission of products or waste of the factory at the customer using or disposal stage. GHG emission from the wastes and the refrigerant gas leak/balance of the used cylinder are quantified but the GHG emission related to usage stage of the products produce from the organization are excluded due to unavailable of data.

INDIRECT GHG EMISSION FROM OTHER SOURCES (SCOPE 06)

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

QUANTIFICATION OF GHG EMISSION**Identify GHG Emission Sources of the Factory****Identification of GHG Emission Sources**

Scope	Type	Sources
Scope 01	Direct GHG Emissions	<ul style="list-style-type: none"> •Diesel – Standby Generator •Fuel - Factory Owned Vehicle •Diesel – Fork lifts
Scope 02	Indirect GHG Emission from imported energy	Electricity Consumption
Scope 03	Indirect GHG Emission from Transportation	Transportation not owned by Factory <ul style="list-style-type: none"> •Staff Transport (Public and Private) •Raw Material Transport (Harbor to Factory) •Finish Good Transport (Factory to Warehouse) •Waste Transport •Employee Business Travel
Scope 04	Indirect GHG Emission from Product used by organization	This was excluded due to unavailability of GHG emission data of raw materials through the suppliers.
Scope 05	Indirect GHG Emission associated with the use of products from the organization	<ul style="list-style-type: none"> •Waste Disposal •Refrigerant retain in the used cylinders (Assume 0.5% will resume and will be fugitive emission on disposal on used cylinders)
Scope 06	Indirect GHG Emission from other sources	Water Consumption – National Water Supply Board

Excluded Activity Data During Quantify GHG Emission

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

Emission Factor

Emission Factors and Their Sources

Standby Diesel Generator	Liter/Year	3.	kg CO ₂ eq/lit.	DEFRA 2020	
Business Travel by Factory Vehicle (Crew Cab)	km/Day	0.48251	kg CO ₂ eq/km	DEFRA 2020	All HGVs at Average loading (Rigid >3.5 - 7.5 ton)
Grid Electricity Used	kWh/Year	0.54220	kg CO ₂ eq/kWh	SEASL Energy Balance 2019	
Raw Material Transport [Container] From Colombo Harbor to Ratmalana	km/Day	0.8654	kg CO ₂ eq/km	DEFRA 2020	All HGVs at Average loading
Finished Product Transport [Container] From Ratmalana to Piliyandala	km/Day	0.8654	kg CO ₂ eq/km	DEFRA 2020	All HGVs at Average loading
Waste Transport by Outside Vehicle (Lorry)	km/Day	0.48251	kg CO ₂ eq/km	DEFRA 2020	All HGVs at Average loading (Rigid >3.5 - 7.5 ton)
Staff Motorcycle (Petrol - Medium Size)	km/Day	0.10086	kg CO ₂ eq/km	DEFRA 2020	Medium
Staff Foot Bicycle (Single User) and Others (Join Transport)	km/Day			DEFRA 2020	
Staff Car (Petrol) (Small)	km/Day	0.14836	kg CO ₂ eq/km	DEFRA 2020	Small Car
Staff Public Transport Bus	km/Day	0.10312	kg CO ₂ eq/km. Passenger	DEFRA 2020	Average Local Bus
Staff Public Transport Train	km/Day	0.03694	kg CO ₂ eq/km Passenger	DEFRA 2020	National Rail
Waste Send to the Municipal	kg/Year	458	kg CO ₂ eq/ton	DEFRA 2020	Municipal Waste Land filling
R 600A Refrigerant Wastes	kg/Year	3	kg CO ₂ eq/kg	DEFRA 2020	
Water usage from National Supply	m ³ /Year	0.344	kg CO ₂ eq/m ³	DEFRA 2020	

Calculation

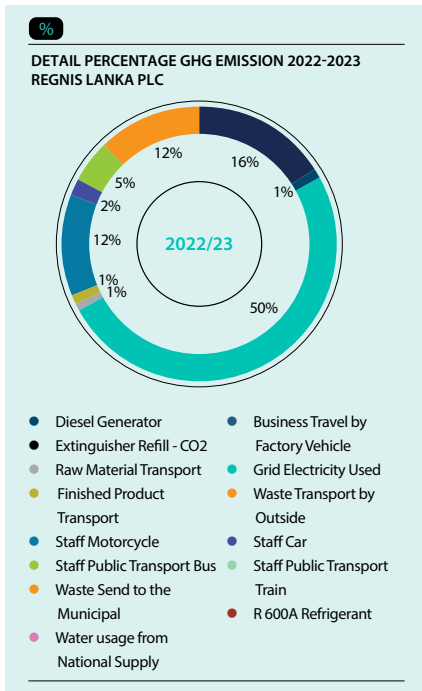
Summary of Annual GHG Inventory of the factory for 2019 -2020, 2020 -2021, 2021 - 2022, 2022 -2023.

Type	Emission Source/Activity	Unit	Emission Factor			Activity Data			GHG Emission tCO ₂ eq		
						2020	2021	2022	2020	2021	2022
			Value	Source	Unit	Apr - 2021 March	Apr - 2022 March	Apr - 2023 March	Apr - 2021 March	Apr - 2022 March	Apr - 2023 March
Direct Emission	Standby Diesel Generator	Litre/Year	2.68787	DEFRA 2020	kg CO ₂ eq/lit.	6,848	23,389	31,390	18.41	62.87	84.37
	Business Travel by Factory Vehicle (Crew Cab)	km/Day	0.48251	DEFRA 2020	kg CO ₂ eq/km	15,496	12,599	7,799	7.48	6.08	3.76
	Extinguisher Refill - CO ₂	kg/Year	1		kg CO ₂ eq/kg	37	70	118	0.04	0.07	0.12
	Sub Total								25.92	69.02	88.25
Indirect Imported Energy	Grid Electricity Used	kWh/Year	0.54220	SEASL Energy Balance 2019	kg CO ₂ eq/kWh	836,643	882,181	483,357	453.63	478.32	262.08

Type	Emission Source/Activity	Unit	Emission Factor			Activity Data			GHG Emission tCO ₂ eq		
			Value	Source	Unit	2020	2021	2022	2020	2021	2022
						Apr - 2021 March	Apr - 2022 March	Apr - 2023 March	Apr - 2021 March	Apr - 2022 March	Apr - 2023 March
Indirect Transport	Raw Material Transport [Container] From Colombo Harbor to Ratmalana	km/Day	0.86540	DEFRA 2020	kg CO ₂ eq/km	7,965	8,319	3,171	6.89	7.20	2.74
	Finished Product Transport [Container] From Ratmalana to Piliyandala	km/Day	0.86540	DEFRA 2020	kg CO ₂ eq/km	9,011	10,012	3,814	7.80	8.66	3.30
	Waste Transport by Outside Vehicle (Lorry)	km/Day	0.48251	DEFRA 2020	kg CO ₂ eq/km	4,810	6,290	2,920	2.32	3.03	1.41
	Staff Motorcycle (Petrol - Medium Size)	km/Day	0.10086	DEFRA 2020	kg CO ₂ eq/km	3,083	3,083	2,158	93.29	93.29	65.30
	Staff Car (Petrol) (Small)	km/Day	0.14836	DEFRA 2020	kg CO ₂ eq/km	265	265	186	11.79	11.79	8.28
	Staff Public Transport Bus	km/Day	0.10312	DEFRA 2020	kg CO ₂ eq/km. Passenger	1,240	1,240	868	38.36	38.36	26.85
	Staff Public Transport Train	km/Day	0.03694	DEFRA 2020	kg CO ₂ eq/km. Passenger	60	60	42	0.66	0.66	0.47
Sub Total									161.12	163.00	108.35
Indirect Incorporated with Products	Waste Send to the Municipal	kg/Year	458	DEFRA 2020	kg CO ₂ eq/ton	264,266	242,548	141,686	121.03	111.09	64.89
	R 600A Refrigerant Leak from Used refrigerant Cylinders	kg/Year	3	DEFRA 2020	kg CO ₂ eq/kg	5,630	8,246	3,074	0.07	0.10	0.04
	Sub Total								121.10	111.19	64.93
Indirect Others	Water usage from National Supply	m ³ /Year	0.34400	DEFRA 2020	kg CO ₂ eq/m ³	4,151	3,602	2,155	1.43	1.24	0.74
Total									763.20	822.76	524.35



Earth day-Tree Planting Program-2022



GOVERNMENT ASSISTANCE

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

ENVIRONMENTAL COMPLIANCE

9 SKU's of SISIL branded refrigerators are in compliance with energy levels introduced by the Sri Lanka sustainable Energy Authority

No non-compliances with environmental laws and regulations have been identified in 2022/23

No cases of actual non-compliances were found in any areas of the Group's operations in 2022/23

Involvement of parent company Singer (Sri Lanka) PLC's sustainability division

- Regular monitoring of environmental performance and reporting by
- Records maintained on complaints of non-compliances and investigation of same

Celebration of World Ozone Day on 16th September 2022, SINGER leads the way Ozone layer protection

At a time when there were concerns regarding CFC refrigerants, Singer became the first company in South Asia to introduce Refrigerators with R600a refrigerants as an alternative to harmful emissions of CFC refrigerants, which was a major cause in the depletion of the world's Ozone layer. Since R600a refrigerants are 100% environmentally safe and cause zero impact on ozone layer, this pioneering introduction became a quantum leap towards ozone layer protection.

In 2012, Singer became a part of the global response to protect the ozone layer.

Impact – We have been producing and selling over 1.3 Mn refrigerators without CFC emission, thereby saving 1.3 billion kilowatt hours of energy to the environment.



CORPORATE GOVERNANCE

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

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

BOARD OF DIRECTORS

The Board comprised eight (8) directors on the 31st of March 2023; the Board remained unchanged compared to the previous year, except for the resignation of one alternative director w.e.f. 30th September 2022. The Board comprised consisted of five (5) Non-Executive Directors and three (3) Executive Directors. Of the Non-Executive Directors, four (4) function in an independent capacity. Please refer to pages 18 to 21 for full profiles of Directors.

APPOINTMENTS AND RESIGNATION OF ALTERNATIVE DIRECTORS

- Mr. V.J.S. Perera, appointed as an Alternate Director to Mr. M.H. Wijewardene on 20th April 2022.
- Mr. K.T.R. Chitrasiri appointed as an Alternate Director to Mr. S.C. Ganegoda on 20th April 2022 and resigned on 30th September 2022.

BOARD MANDATE

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

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

External Instruments	Internal Instruments	Internal Mechanisms
<ul style="list-style-type: none"> Companies Act No 7 of 2007 Continuing listing requirements of the Colombo Stock Exchange Integrated Reporting Framework of the International Integrated Reporting Committee GRI Standards published by the Global Reporting Initiative 	<ul style="list-style-type: none"> Board Charter Sub-Committee Terms of Reference Singer Group policies and procedures Code of conduct and ethics 	<ul style="list-style-type: none"> HR and People management Budgeting Strategic and corporate planning Risk Management

SUB-COMMITTEES

The Board has delegated certain functions warranting greater attention, to 4 Board Sub-Committees with oversight responsibility for same. This enables the Board to allocate sufficient time to matters within its scope, particularly execution of strategy and forward-looking agenda items. As permitted by the Listing Rules, the parent entity's sub-committees function as the Regnis Group's sub-committees. The roles of the committees, composition, meeting attendance during the year and focus areas during the year are given in the respective committee reports from pages 114 to 119 of this Report.

The Corporate Governance System

Level	Governance Structure Board of Directors and Corporate Management Team	Integrated Governance Integrated Governance Systems and Procedures	Assurance Mechanisms	Regulatory Mechanisms
Group	Remuneration Committee	Strategy Formulation and Decision-Making Process	Code of conduct & Ethics	The Companies Act No. 7 of 2007 Mandatory compliance
	Audit Committee		Senior Independent Director	Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including Directives and circulars Mandatory compliance
	Board of Directors		Board Committees	Listing Rules of the Colombo Stock Exchange (CSE) Mandatory compliance
	Nomination Committee		Employee Participation	Code of Best Practice on Related Party Transactions (2013) advocated by SEC Mandatory compliance
Company	Related Party Transaction Review Committee	Human Resource Governance	Internal Control	The Code of Best Practice on Corporate Governance (2013) as published by SEC and the Institute of Chartered Accountants, Sri Lanka (CA Sri Lanka) Voluntary compliance Code of best practice on Corporate Governance (2017) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
	Group Chief Executive Officer-(CEO)	Internal Audit & Integrated Risk Management	Internal Audit	
	Corporate Management Team	IT Governance	External Assurance	
	Employees	Tax Governance		
	Customers	Stakeholder Management and Effective Communication		
	Community	Sustainability Governance		
	Environment			

BOARD EFFECTIVENESS

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

ROLE OF CHAIRMAN AND CEO

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

BOARD APPOINTMENT AND RE-ELECTION

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

BOARD ACCESS TO INFORMATION

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

Directors also have unfettered access to the Company Secretary.

BOARD ACTIVITIES

Board meetings

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

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

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

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

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

BOARD FOCUS AREAS

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

Assessing implications of macro-economic landscape

- ◆ Proactively monitoring emerging developments in the macro-economic environment including fluctuations in interest rates, exchange rates and inflation
- ◆ Formulating immediate to short-term and mid-to-long term action plans
- ◆ Exploring ways to leverage synergies with the Singer and Hayleys Groups to support raw material supply. (Refer Note 38 on page 205)

Monitoring performance

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

BOARD REMUNERATION

A formal and transparent procedure is in place for determining remuneration of Directors and developing executive remuneration policy. Remuneration for Non- Executive Directors is determined taking into consideration the time commitment, role and responsibilities of each individual Director as well as industry practice. The Board has delegated this responsibility to the Board HR and Remuneration Committee, the details and composition of which are given on page 116 of this Report. No individual director has the capacity to determine his own remuneration.

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

Remuneration of executive directors and employees comprise guaranteed pay and pay for performance, designed to incentivise higher levels of achievement according to agreed criteria. Remuneration of non-executive directors comprise solely of guaranteed remuneration. The remuneration of the Directors is disclosed on page 162 of this Annual Report and the detailed Remuneration Committee Report is given on page 116.

Accountability and Audit

The Board is responsible for presenting a balanced, accurate and understandable assessment of the Company's, performance, financial position and prospects. Interim performance reports are circulated within 45 days of each quarter end whilst other price sensitive information is disclosed to shareholders through the Colombo Stock Exchange. The Company's financial statements are prepared in accordance with the Sri Lanka Financial Reporting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act No. 07 of 2007.

Our Annual Report conforms to the GRI

Standards on sustainability reporting, prescribed by the Global Reporting Initiative and the Integrated Reporting Framework published by the International Integrated Reporting Council.

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

- ◆ The Annual Report of the Board of Directors on the Affairs of the Company on pages 122 to 127 of this Report contains the declarations prescribed by the Code.
- ◆ The Statement of Directors' Responsibility is given on pages 128 to 129 of this Report.
- ◆ The Independent Auditor's Report on page 132 to 134 of this Report.

The Management Discussion and Analysis as set out from page 14 to page 78 of this Report, includes the following information specified in the Code of Best Practice.

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

Audit Committee

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

of the parent company, Compliance officer, audit staff, representatives of external auditors regularly attend the meetings of the Audit Committee by invitation.

ETHICS

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

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

WHISTLE-BLOWING POLICY

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

Communication with shareholders

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

Related party transactions between Regnis (Lanka) PLC and its parent entity are detailed on pages 199 to 205 of the financial statements.

The Company maintains a high level of engagement with its shareholders, facilitated through the AGM and dissemination of accurate and relevant information. Channels facilitating shareholder communication include corporate website, announcements to the Colombo Stock Exchange and other press articles. Interim performance reports published to shareholders whilst Annual Reports are provided to all shareholders.

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

The Annual General Meeting

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

- ◆ Notice of the AGM and all relevant papers released to the shareholders at least 15 working days prior to the AGM in accordance with the Companies Act.
- ◆ Directors of the Board, including Chairmen of Audit, Remuneration, Related Party Transaction Review and Nomination Committees are available to clarify any points raised by the shareholders.
- ◆ A summary of procedures governing

voting at the AGM is provided in the proxy form, which is also circulated to shareholders 15 working days prior to the AGM.

COMMITMENT TO ESG

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

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

Sustainability Reporting

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

Category	Element	Page reference
Environment	Sustainable use of resources	70
	Reducing the carbon footprint	70
	Waste management	72
	Environmental impacts of our products	78
Social	Community relationships	68
	Customer relationships	65
	Labour practices	53
	Supplier relationships	67

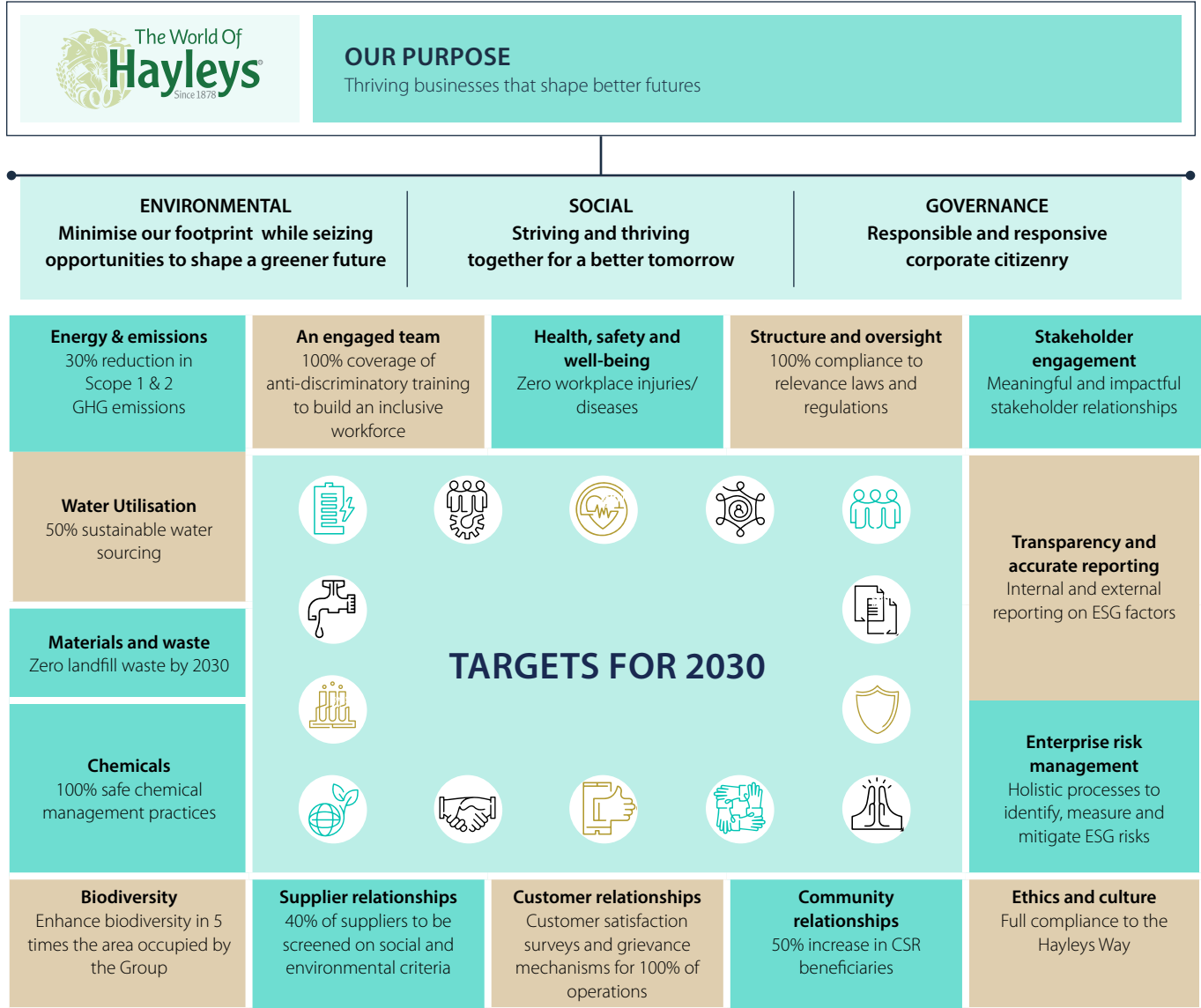
COMMITMENT IN ESG FRAMEWORK

The Regnis Group adopts an integrated approach to determining strategy, taking into consideration the social and environmental impacts of its decisions. This integrated thinking is reflected in the Group's reporting practices, with the Group preparing its annual report in line with the guidelines prescribed by the Integrated Reporting Framework of the International Integrated Reporting Council.

For Sustainability reporting, we have adopted the GRI Standards published by the Global Reporting Initiative. Meanwhile, the material topics which form the anchor of this Report represent economic social and environmental factors.

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

Key aspirations of the Hayleys Lifecycle are set out below:



SINGER GROUP APPROACH TO SUSTAINABILITY

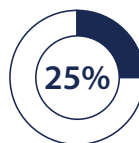
The Singer Group's sustainability commitments are clearly set out in 'Singer Paramaarthayen Perata' (Progress through purpose), a holistic sustainability vision, which is aligned to the Hayleys Lifecode and has been refined to suit Singer's business model and operating context. We are also committed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



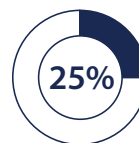
ENERGY AND WATER MANAGEMENT

TARGETS FOR 2030

Energy reduction



Water reduction:



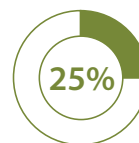
Link to SDG



EMISSION MANAGEMENT

TARGETS FOR 2030

Emission reduction:
25% Life cycle assessment for products



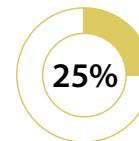
Link to SDG



ENGAGED, DIVERSE AND CAPABLE TEAM

TARGETS FOR 2030

Female representation in executive and above:



Link to SDG



Community commitment through education, health and youth development CSR

TARGETS FOR 2030

Enhance livelihoods through CSR projects

Link to SDG



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 (the companies Act).

Reference to the Companies Act	Compliance Requirement	Status of Compliance	Details of Compliance
Section 168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period.	<u>COMPLIED</u>	Refer note 1.3 on 'Principal Business Activities and Nature of Operations of the parent Company on page 143.'
Section 168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed in accordance with Section 152.	<u>COMPLIED</u>	The Financial Statements of the Company for the period ended 31st March 2023 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 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 137 to 206 form an integral part of this Report.
Section 168 (1) (c)	Auditor's Report on the Financial Statements of the Group and the Company.	<u>COMPLIED</u>	Refer pages 132 to 134 for the Independent Auditor's Report.
Section 168 (1) (d)	Any changes in Accounting Policies of the Group and the Company.	<u>COMPLIED</u>	Significant Accounting Policies adopted in the preparation of the Financial Statements of the Company are given on pages 146 to 157.
Section 168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period.	<u>COMPLIED</u>	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.
Section 168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	<u>COMPLIED</u>	Refer Note 9 of the Financial Statements on page 162.
Section 168 (1) (g)	Total amount of donations made by the Company during the accounting period.	<u>COMPLIED</u>	Refer Note 9 on page 162.
Section 168 (1) (h)	Information on the Directorate of the Company and its Subsidiary during and at the end of the accounting period.	<u>COMPLIED</u>	Annual Report of the Board of Directors on the Affairs of the Company on pages 122 to 127 and Board of Directors on pages 18 to 21.
Section 168 (1) (i)	Separate disclosure on amounts payable to the Auditors as Audit Fees and Fees for other services rendered during the accounting period.	<u>COMPLIED</u>	Refer Note 9 on page 162.
Section 168 (1) (j)	Auditor's relationship or any interest with the Company and its Subsidiary.	<u>COMPLIED</u>	Auditors do not have any other relationship or interest in contracts with the Company other than being the Auditors for the Company. Annual Report of the Board of Directors on the Affairs of the Company on pages 122 to 127.
Section 168 (1) (k)	Acknowledgment of the contents of this Report/Signatures on behalf of the Board.	<u>COMPLIED</u>	Annual Report of the Board of Directors on the Affairs of the Company on pages 122 to 127.

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 Rules of CSE

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
7.6.(i)	Names of persons who during the financial year were Directors of the entity.	<u>COMPLIED</u>	Refer Board of Directors on page 123.
7.6.(ii)	Principal activities of the Company and its subsidiary during the year.	<u>COMPLIED</u>	The principal activities of the Company and its subsidiary during the year are given in the Annual Report Note 1.3 on page 143.
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.	<u>COMPLIED</u>	The 20 largest shareholders together with their shareholding as at 31st March 2023 is provided on item 7 on page 209.
7.6.(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	<u>COMPLIED</u>	Refer Note 4 on page 207.
7.6.(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year.	<u>COMPLIED</u>	Refer Note 6 on page 208. Refer Note 7.5 on page 124.
7.6.(vi)	Information pertaining to material foreseeable risk factors of the entity.	<u>COMPLIED</u>	Risk management section refer on pages 37 to 40.
7.6.(vii)	Details of material issues pertaining to employees and industrial relations of the entity.	<u>COMPLIED</u>	The Company did not encounter any relating to employees and industrial relations during the year 2022/23.
7.6.(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	<u>COMPLIED</u>	Refer Note 12.13 on page 170.
7.6.(ix)	Number of shares representing the entity's stated capital.	<u>COMPLIED</u>	Refer Note 23 on page 177.
7.6.(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in the given categories.	<u>COMPLIED</u>	Refer Note 4 under Investor relation Information Section on page 207.
7.6.(xi)	List of ratios and market price of share.	<u>COMPLIED</u>	Refer page 10 and 218.
7.6.(xii)	Significant changes in the entity's fixed assets and the market value of land, if the value differs substantially from the book value.		Refer Note 12.9 on page 169.

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
7.6.(xiii)	If during the year the entity has raised funds either through a public issue, rights issue, and private placement.	NOT APPLICABLE	The Company did not raise funds to increase its Stated Capital during the year.
7.6.(xiv) (a & b)	Employee Share Option Schemes and Employee Share Purchase Schemes.	NOT APPLICABLE	There are no Employee Share Option Schemes or Purchase Schemes in the Company.
7.6.(xv)	Disclosures pertaining to Corporate Governance practices in terms of rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Rules (Relating to Directors).	<u>COMPLIED</u>	Disclosures pertaining to directors - refer on page 87 to 89.
7.6.(xvi)	Details of related party transactions.	<u>COMPLIED</u>	Refer Note 37 on pages 199 to 205.

(b) Corporate Governance Compliance as per rule 7.10 and 7.14.1 of the Listing Rules of CSE

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
7.10.1	Non-Executive Directors		
7.10.1 (a)	Two or one third of total number of directors on the Board to be Non Executive Directors, whichever is higher.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	Refer page 123.
7.10.2 (b)	Disclosure relating to Non-Executive Directors' independence.	<u>COMPLIED</u>	Each Independent Non-Executive Directors have submitted a declaration confirming their Independence.
7.10.3	Disclosure Relating to Directors		
7.10.3 (a)	The names of Non-Executive Directors determined to be 'independent'.	<u>COMPLIED</u>	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.
7.10.3 (b)	In the event a Director does not qualify as 'independent' against any criteria set out in the Rules, however, if the Board is of the opinion that the Director is nevertheless 'independent', the Board shall specify the criteria not met and the basis for its determination.	<u>COMPLIED</u>	Refer page 123.
7.10.3 (c)	A brief resume of each directors, including information on the nature of his/ her expertise in relevant functional areas.	<u>COMPLIED</u>	Refer pages 18 to 21.
7.10.3 (d)	In the event of an appointment of a new Director, a brief resume of such director shall be submitted immediately to the CSE for dissemination to the public.	<u>COMPLIED</u>	A brief resume of each new director was published along with the announcement of appointment on CSE.

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
7.10.4	Criteria for defining independence		
7.10.4 (a - h)	Requirements for meeting the criteria for an Independent Director.	<u>COMPLIED</u>	Refer page 123.
7.10.5	Remuneration Committee		
7.10.5 (a)	Non-Executive Directors, a majority of whom shall be independent, and where both Parent company and the subsidiary are Listed Entities the remuneration committee of the parent company may be permitted to function as the remuneration committee of the subsidiary.	<u>COMPLIED</u>	Refer the Remuneration Committee report on page 116.
7.10.5 (b)	Functions, The Committee shall recommend to the Board the remuneration payable to the Executive Directors and Chief Executive Officer.	<u>COMPLIED</u>	Refer the Remuneration Committee report on page 116.
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.	<u>COMPLIED</u>	Refer the Remuneration Committee report on page 116.
7.10.6	Audit Committee		
7.10.6 (a)	Non-Executive Directors, a majority of whom shall be independent, and where both Parent company and the subsidiaries are Listed Entities the Audit committee of the parent company may be function as the Audit committee of the subsidiary. Unless otherwise determined by the Audit Committee. The Chief Executive Officer and the Chief Financial Officer shall attend Audit Committee Meetings. The Chairman or one member of the Committee should be a Member of a recognized professional accounting body.	<u>COMPLIED</u>	Refer the Audit committee report on pages 114 to 115. The Chairman of committee is a member of a recognized professional accounting body.
7.10.6 (b)	Functions, 01. Oversee the preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards. 02. Oversee compliance with financial reporting requirements, information requirements as per related regulations and requirements. 03. Oversee processes to ensure internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards. 04. Assessment of the independence and performance of the external auditors. 05. Make recommendations to the Board on pertaining to appointment, re-appointment and removal of external auditors and approve remuneration and terms of engagement of the external auditors.	<u>COMPLIED</u>	Refer the Audit committee report on pages 114 to 115.

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
7.10.6 (C)	Disclosure in the Annual Report on Audit Committee, <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. 	<u>COMPLIED</u>	Refer the Audit committee report on pages 114 to 115.
7.14.1	As a listed company in the Main Board, the company maintained the minimum public holding under specified criteria.	<u>COMPLIED</u>	Refer the Investor Information on page 207.

c) Related Party Transactions as per rule 9 of the Listing Rules of CSE

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
9	RELATED PARTY TRANSACTIONS REVIEW COMMITTEE		
9.2.1	Except for the transactions set-out in Rule 9.5 all other Related Party transactions should be reviewed by the Committee.	<u>COMPLIED</u>	Refer the Related Party committee report on pages 118 to 119.
9.2.2	The Committee should comprise a combination of Non-Executive Directors and Independent Non-Executive Directors. The composition of the Committee may also include Executive Directors, at the option of the Listed Entity. One Independent Non-Executive Director shall be appointed as Chairman of the Committee.	<u>COMPLIED</u>	Refer the Related Party committee report on pages 118 to 119.
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.	<u>COMPLIED</u>	Refer the Related Party committee report on pages 118 to 119.
9.2.4	The Committee shall meet at least once a calendar quarter. The Committee shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	<u>COMPLIED</u>	Refer the Related Party committee report on pages 118 to 119.
9.3	DISCLOSURES		
9.3.1 (a)	Entity shall make an immediate announcement to the Colombo Stock Exchange- of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. Listed Entity shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the financial year.	<u>COMPLIED</u>	Disclosed

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Details of Compliance
9.3.2	Disclosures in the Annual Report		
9.3.2 (a)	In the case of Non-recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements such information must be presented in the Annual Report.	NOT APPLICABLE	No such transactions during the year.
9.3.2 (b)	In the case of Recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report.	<u>COMPLIED</u>	Refer Note 37.2.1 on page 201.
9.3.2 (c)	Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following <ul style="list-style-type: none"> - Names of the Directors comprising the Committee; - A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/observations to the Board of Directors. - The policies and procedures adopted by the Committee for reviewing the Related Party Transactions. - The number of times the Committee has met during the Financial Year. 	<u>COMPLIED</u>	Refer the Related Party committee report on pages 118 to 119.
9.3.2 (d)	A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with these Rules pertaining to Related Party Transactions.	<u>COMPLIED</u>	Refer page 119.

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	<p>The Board should meet regularly - at least once every quarter and the Board should be provided information on a regular basis.</p> <p>Following Information to be reported to the Board on a regular basis;</p> <p>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.</p>	<u>COMPLIED</u>	<p>Refer page 80.</p> <p>A board pack containing all relevant information is submitted to board of directors.</p>
A 1.2	Board Responsibility		
	Ensuring the formulation and implementation of a sound business strategy.	<u>COMPLIED</u>	<p>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.</p> <p>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.</p>
	Appointing the Chair and the Senior Independent Director if relevant.	<u>COMPLIED</u>	Not applicable since Group CEO is the apex Executive in charge of the day-to-day management of operations and business of the Company.
	Ensuring that the CEO and Management Team possess the skill, experience and knowledge to implement strategy.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	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.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
	Approving budgets and major capital expenditure.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	The Audit Committee is empowered to review and monitor the financial reporting process of Company, so as to provide additional assurance on the reliability of Financial Statements through a process of independent and objective review. The Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities on ensuring the quality of financial reporting and related communication to the shareholders and the public.
	Ensuring compliance with laws, regulations and ethical standards.	<u>COMPLIED</u>	The Board follows a policy of strict compliance with laws and regulatory requirements and ensures that stakeholder interests are considered in key corporate direction. A compliance checklist is provided to Audit Committee and Board members in every quarter by the Compliance Officer indicating compliance with applicable laws, regulations etc.
	All stakeholders' interests are considered in corporate decisions.	<u>COMPLIED</u>	The Board considers the views on all stakeholders when making decisions.
	Recognising sustainable business development in corporate strategy, decisions and activities and consider the need for adopting "integrated reporting".	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	The Board of Directors are responsible for the preparation of financial statements of the Company whilst the Audit Committee ensures the compliance with the financial regulations of those financial statements. Please refer CEO & CFO statement on page 16 for detailed information on this objective.
	Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	The Board makes every endeavour to ensure a balanced and objective assessment of the Company's position, performance and prospects.
A 1.3	The Board collectively, and Directors individually, must act in accordance with the laws of the Country and obtain independent professional advice where necessary.	<u>COMPLIED</u>	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	<p>All Directors should have access to the advice and service of the company secretary and any question of the removal of the company secretary should be a matter for the board as a whole.</p> <p>The company should obtain appropriate insurance cover as recommended by the nominations committee for the board, directors and key management personnel.</p>	<u>COMPLIED</u>	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, the Companies Act No. 07 of 2007 (the 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 No. 07 of 2007.
A 1.5	All Directors should bring independent judgment to bear, in discharging their duties and responsibilities on matters relating to the Board including strategy, performance, resource allocation, risk management, compliance and standards of business conduct.	<u>COMPLIED</u>	<p>The Chairman conducts Board meetings in a manner which ensures that there is effective participation from all Directors, their individual contribution and concerns are objectively assessed prior to making key decisions and that the balance of power is maintained.</p> <p>In advance of every Board meeting, each Director receives a comprehensive set of Board papers and any additional information requested by the Directors. It is the Group CEO's duty to ensure that all members are properly briefed.</p>
A 1.6	Every Director should dedicate adequate time and effort to matters of the Board and company, to ensure that the duties and responsibilities owed to the company are satisfactorily discharged.	<u>COMPLIED</u>	Directors dedicate time and effort by attending Board meetings and Board Sub-Committee meetings.
A.1.7	One third of directors can call for a resolution to be presented to the Board where they feel it is in best interest to the company to do so.	<u>COMPLIED</u>	This matter is governed as per the Articles of Association Resolution could be passed with majority voting.
A 1.8	Every Director should receive appropriate training when first appointed to the board of a company and subsequently as necessary.	<u>COMPLIED</u>	All the Directors have adequate knowledge and experience of the manufacturing industry and the company.
A.2	Chairman and Chief Executive Officer (CEO) Main Principle There should be a clear division of responsibilities at the head of the Company such that no one individual has unfettered powers of decision.		
A.2.1	The posts of Chairman and CEO/MD vested in one person should be justified and highlighted in the Annual Report.	<u>COMPLIED</u>	The position of Chairman and Managing Director is segregated. Chairman is Mr. A M Pandithage and CEO is Mr. M H 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.		

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.3.1	<ul style="list-style-type: none"> The chairman should conduct Board proceeding in a proper manner and ensure, inter-alia, that: The agenda for board meetings is developed in consultation with the CEO, Directors and the company Secretary Sufficiently detailed information of matters included in the agenda should be provided to directors in a timely manner All directors are made aware of their duties and responsibilities The effective participation of both Executive and Non-Executive Directors is secured All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings A balance between Executive and Non- Executive Directors is maintained The views of Directors on issues under consideration are ascertained and a record of such deliberations reflected in the minutes The board is in complete control of the company's affairs and alert to its obligations to all shareholders and other stakeholders 	<u>COMPLIED</u>	The Chairman of the Company follow all of the responsibilities and duties as listed
A.4	Financial Acumen Main Principle The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.		
	The Board should ensure the availability within it, of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	<u>COMPLIED</u>	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 18 to 21 and 80.
A.5	Board Balance Main Principle Balance of Executive and Non-Executive Directors		
A.5.1	<p>The Board should include at least three Non-Executive Directors or such number of Non-Executive Directors equivalent to one third of total number of Directors, whichever is higher.</p> <p>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.</p>	<u>COMPLIED</u>	Refer pages 80 and 123.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.5.2	Where the constitution of the Board of Directors includes only three Non-Executive Directors, all three Non- Executive Directors should be 'independent'. In all other instances three or two third of Non-Executive Directors appointed to the Board of Directors whichever is higher should be 'independent'.	<u>COMPLIED</u>	Refer pages 80 and 123 .
A.5.3	For a director to be deemed Independent such director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.	<u>COMPLIED</u>	The Company maintain the 'interest register' required by the Companies Act.
A.5.4	Non-Executive Director should submit a signed and dated declaration annually of his/her independence or non-independence.	<u>COMPLIED</u>	Each Non-Executive Director submits an annual declaration of his independence.
A.5.5	Board should make a determination annually as to the independence or non-independence of each Non- Executive Director and disclosure in the Annual Report.	<u>COMPLIED</u>	The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence, as a fair representation and will continue to evaluate their independence on this basis annually.
A.5.6	Appointment of Alternate Director by a Non-Executive Director and appointment of an Alternate Director by an Independent Director should satisfy similar criteria.	<u>COMPLIED</u>	Independent Non-Executive Directors have not appointed alternate directors. Alternative Director to the Executive Director is Executives of the parent Company. However, board balance is not affected since the Board complies with Code A.5.2
A.5.7	In the event the Chairman and CEO is the same person, or the Chairman is not an independent Director or the Chairman is the immediately preceding CEO, the Board should appoint one of the independent Non-Executive Directors to be the Senior Independent Director (SID) and disclose this appointment in the Annual Report.	<u>COMPLIED</u>	Not applicable since Group CEO is the apex Executive in charge of the day-to-day management of operations and business of the Company.
A.5.8	The Senior independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board Senior Independent Director should participate in all meetings with majority, significant, and minority shareholders and be made aware of their concerns by the company secretary.	NOT APPLICABLE	Not Applicable.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.5.9	The Chairman should hold meetings with the Non-Executive Directors as necessary and at least once each year.	<u>COMPLIED</u>	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	Where Directors have concerns about the matters of the company which cannot be unanimously resolved should be recorded in the Board Minutes.	<u>COMPLIED</u>	All proceedings at Board meetings are recorded by the Company Secretary.
A.6	Supply of Information Main Principle The Board should be provided with timely information.		
A.6.1	Management has an obligation to provide the Board with appropriate and timely information and Directors should make further inquiries where necessary. The Chairman should ensure all Directors are properly briefed on issues arising at Board meetings.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	Please refer Nomination Committee report on page 117.
A.7.2	The Nomination Committee should annually assess Board-composition.	<u>COMPLIED</u>	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.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.7.3	Appointment of a new Director to the Board, the company should be forthwith disclosed to shareholders.	<u>COMPLIED</u>	All new appointments have been disclosed in the Colombo Stock Exchange.
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.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	Based on the article and the current composition of the Board, a Director has to come forward for re-election, every three years. The Chairman and Managing Director does not retire by rotation.
A.8.3	In the event of a resignation of a Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	The Board undertakes an annual self-evaluation of its own performance and of its Committees. The Board evaluated its performance and effectiveness in the year under review.
A.9.3	The Board should have a process to review the participation, contribution and engagement of each director at the time of re-election.	<u>COMPLIED</u>	Board reviews the participation, contribution and engagement of each Director at the re-election.
A.10	Disclosure of Information in respect of Directors Main Principle Shareholders should be kept advised of relevant details in respect of Directors.		

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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; 	<u>COMPLIED</u>	<p>Refer Board of Directors on pages 18 to 21.</p> <p>Refer page 80.</p> <p>Not Applicable</p>
A.11	<p>Appraisal of Chief Executive Officer (CEO)/MD</p> <p>Main Principle</p> <p>The Board should be required, at least annually, to assess the performance of the Group CEO.</p>		
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.	<u>COMPLIED</u>	The Annual Business Plan is prepared setting up short-term, medium-term and long-term financial and non-financial goals. The Annual Business Plan is initially approved by the Board.
A.11.2	The performance of the Group CEO should be evaluated by the Board at the end of each fiscal year to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.	<u>COMPLIED</u>	Assessment of performance of the Group CEO is carried out by the Board at the end of each year to ensure that pre-agreed targets have been achieved or if not whether there are acceptable reasons for not achieving them.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
B	DIRECTORS' REMUNERATION		
B.1	Remuneration Procedure Main Principle Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.		
B.1.1	To avoid potential conflicts of interest, the board should set up a Remuneration Committee to make recommendations to the board, within agreed terms of reference, on the Company's framework of remunerating Executive Directors.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	Refer Remuneration Committees report on page 116.
B.1.3	The Chairman and Members of the Remuneration Committee should be listed in the Annual Report each year.	<u>COMPLIED</u>	Refer Remuneration Committees report page 116.
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.	<u>COMPLIED</u>	After consideration of the recommendation made by the Group Chief Executive Officer and the ultimate Parent Company, the Committee as a whole decides the remuneration of the Non-Executive Directors. The Non-Executive Directors receive a consolidated fee for being a Director of the Board and either chairing or being a member of a Board Sub-committee. They do not receive any performance/incentive payments.
B.1.5	The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors and have access to professional advice from within and outside the Company, in discharging their responsibilities.	<u>COMPLIED</u>	The Committee has the authority to seek internal and external independent professional advice on matters falling within its purview, at the Company's expense. Views of the Chairman and Group CEO are obtained as they too assist and participate in its analysis and deliberations to the said Board Subcommittee.
B.2	The Level and Make-up of Remuneration Main Principle Levels of remuneration should be sufficient to attract Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be linked to corporate and individual performance.		

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	Objectives for Group CEO, Executive Directors and Key Management are set at the beginning of the year and the remuneration including the performance bonus is decided based upon the degree of achievement of such pre-set targets subject to the remuneration policy.
B.2.6	Executive share options should not be offered at a discount (i.e., less than market price prevailing at the time the exercise price is determined), save as permitted by the Listing Rules of the Colombo Stock Exchange. Shares granted under share options schemes should not be exercisable in less than three years and the Remuneration Committee should consider requiring Directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	Refer page 116.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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.	<u>COMPLIED</u>	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.
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).	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	Please refer the Remuneration Committee Report on page 116. Remuneration paid to the Board of Directors is disclosed in Note 9 in the Financial Statements on page 162.
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.		

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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.	<u>COMPLIED</u>	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.
C.1.2	Companies should propose a separate resolution at the AGM on each substantially separate issue and should in particular propose a resolution at the AGM relating to the adoption of the report and accounts. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. The proxy form and any announcements of the results of a vote should make it clear that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.	<u>COMPLIED</u>	Company proposes a separate resolution at the AGM on each substantially separate issue. Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.
C.1.3	<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> <p>the number of shares in respect of which proxy appointments have been validly made;</p> <p>the number of votes for the resolution;</p> <p>the number of votes against the resolution; and</p> <p>the number of shares in respect of which the vote was directed to be withheld.</p> <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>	<u>COMPLIED</u>	The Company ensures that all valid proxy appointments received for general meetings are properly recorded and counted.
C.1.4	The Chairman of the Board should arrange for the Chairmen of the Audit, Remuneration, Nomination and Related Parties Transactions Review Committees and the Senior Independent Director where such appointment has been made, to be available to answer questions at the AGM if so requested by the Chairman.	<u>COMPLIED</u>	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.

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.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	<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.	<u>COMPLIED</u>	The Company will focus on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. The Company will ensure information is communicated accurately and in such a way as to avoid the creation or continuation of a false market.
C.2.3	The Company should disclose how they implement the above policy and methodology is implemented.	<u>COMPLIED</u>	Soft copy (upon request Printed copies) of Annual Report are provided to all shareholders without charge.
C.2.4	The Company should disclose the contact person for such communication.	<u>COMPLIED</u>	Refer to Page inner back cover in Inquiries by Shareholders for more information.
C.2.5	The Company should have a process to make all Directors aware of major issues and concerns of shareholders and this process should be disclosed by the Company.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	Company secretary or Chief Financial Officer can be contacted in relation to shareholders' matters.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
C.2.7	The process for responding to shareholder matters should be formulated by the board and disclosed.	<u>COMPLIED</u>	Company secretary is assigned to respond to shareholders by the Board and update the board on 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.	<u>COMPLIED</u>	During the year, there were no major transactions as defined by Section 185 of the Company's Act No. 07 of 2007 which materially affect the Net Assets Base of the Company or Consolidated Group Net Asset Base. In addition, with the CSE Listing Rule on Related Party Transactions came into effect from 2016, all proposed non-recurrent related party transactions disclosed to the CSE.
C.3.2	The company should comply with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulation of the Securities Exchange Commission (SEC) and by the Colombo Stock Exchange (CSE).	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	The Annual Report presents a fair and balanced view of the Company's financial position, performance and prospects combining narrative and visual elements to facilitate readability and comprehension. All statutory requirements have been complied within the Annual Report and the interim financial have been reviewed and approved by the Board Audit Committee, prior to publication.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.1.2	The Board's responsibility to present a balanced assessment extends to interim and other price-sensitive public reports and reports to regulators as well as the information required to be presented by statutory requirements	<u>COMPLIED</u>	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 128 to 129 confirming this position. The Company had strictly complied with the requirements of the Companies Act in the preparation of Quarterly and Annual Financial Statements which are prepared and presented in conformity with Sri Lanka Accounting Standards. Further, Company has complied with the reporting requirements prescribed by the regulatory authority such as the Colombo Stock Exchange. Refer 365 Days Results on page 121 to find the dates on which the Annual and Interim Financial Statements were uploaded to the CSE website/dispatched to the shareholders in the year under review.
D.1.3	The Board should, before it approves the Company's financial statements for a financial period, obtain from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.	<u>COMPLIED</u>	Please refer to CEO and Chief Financial Officer's Responsibility Statement on page 130.
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. 	<u>COMPLIED</u>	The Annual Report of the Board of Directors on the Affairs of the Company given on pages 122 to 127 covers all of these sections.

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.	<u>COMPLIED</u>	The "Statement of Directors' Responsibility" is given on pages 128 to 129. The "Independent Auditor's Report" on pages 132 to 134 states the Auditor's responsibility. The Statement on Internal Control is given on page 131.
D.1.6	The Annual Report should contain a "Integrated Performance Review", discussing, among other issues, business model, industry structure and developments, opportunities and threats, risk management, internal control systems and their adequacy, governance, stakeholder relationships, social and environmental protection activities carried out by the Company, financial performance, investment in physical and intellectual capital, human resource/industrial relations activities carried out by the company and prospects for the future. The Integrated Performance Review may be structured based on the integrated reporting framework issued by International Integrated Reporting Council and "a preparer's guide to integrated Corporate Reporting" issued by CA Sri Lanka.	<u>COMPLIED</u>	Refer Chairman's Statement on pages 14 to 15. Group Chief Executive Officer's Review on pages 16 to 17. Review of Operation on pages 33 to 36.
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.	<u>COMPLIED</u>	Likelihood of such occurrence is remote.
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. 	<u>COMPLIED</u>	<p>Each related party has submitted signed and dated declarations mentioning whether they had related party transactions with the company during the period ended 31st March 2023.</p> <p>Related Party Transactions Review Committee reviewed related party transaction which is described in this Annual Report on pages 199 to 205.</p> <p>Related parties and related party transactions are captured and documented by the Company & the Subsidiary.</p>

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.2	Risk Management and Internal Control Main Principle The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, risk management and internal control is a process, effected by a company's Board of Directors and Management, designed to provide reasonable assurance regarding the achievement of Company's objectives.		
D.2.1	The Board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness, and report on that review in the Annual Report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.	<u>COMPLIED</u>	<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.	<u>COMPLIED</u>	Refer pages 128 to 129.
D.2.3	Companies should have an internal audit function.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	Refer pages 128 to 129 and 131.
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.		

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
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.	<u>COMPLIED</u>	All members of the Board Audit Committee are Independent Non-Executive Directors. Refer the pages 114 to 115.
D.3.2	The Audit Committee should have a written Terms of Reference, dealing clearly with its authority and duties.	<u>COMPLIED</u>	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 114 to 115.
D.3.3	A separate section of the Annual Report should describe the work of the Committee in discharging its responsibilities.	<u>COMPLIED</u>	Please refer to the Audit Committee Report on pages 114 to 115. Disclosure on the independence of the Auditors is found on pages 132 to 134 in the Annual Report of the Board of Directors on the Affairs of the Company on pages 122 to 127.
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.	<u>COMPLIED</u>	Related party and related party transactions are defined as per LKAS 24.
D.4.2	The Board should establish a Related Party Transactions Review Committee (RPTRC) consisting exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be independent. Executive Directors may attend by invitation. The chairman should be an Independent Non-Executive Director appointed by the board.	<u>COMPLIED</u>	The Committee comprises two Independent Non-Executive Directors and one Executive Director. The Committee is chaired by an Independent Non-Executive Director.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.4.3	RPTR Committee should have written terms of reference dealing clearly with its authority and duties which should be approved by the Board.	<u>COMPLIED</u>	Please refer to the Related Party Transactions Review Committee Report on pages 118 to 119.
D.5	Code of Business Conduct & Ethics Main Principle Companies must adopt a Code of Business Conduct & Ethics for Directors, Key Management Personnel & and all other employees.		
D.5.1	<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 behaviour. 	<u>COMPLIED</u>	<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.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	The policy in place and any share transaction done by Board Director need to be immediately disclosed to the Company Secretary and Company Secretary will inform such transactions to the Colombo stock Exchange. Refer to Investor Information on page 208.

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.	<u>COMPLIED</u>	This Report from pages 79 to 113 sets out the manner and extent to which Regnis (Lanka) 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.	<u>COMPLIED</u>	In order to avoid conflict of interest by nurturing the mutual understanding, the Board carries out dialogues with its shareholders at General Meetings. Please refer to Stakeholder Dynamics section in page 28 to 29.
E.2	Evaluation of Governance Disclosures		
E.2.1	When evaluating Companies' governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	The information disseminated by the Company is adequate for individual shareholders to undertake an analysis of the Company and/or seek independent investment advice regarding the prospects of the Company.
F.2	Shareholder Voting		
	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	<u>COMPLIED</u>	Individual shareholders are encouraged to participate in General Meeting of the Company and exercise their voting rights.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
G	INTERNET OF THINGS AND CYBER SECURITY		
G.1	The Board should have a process to identify how in the organisation's business model, IT devices within and outside the organisation can connect to the organisation's network to send and receive information and the consequent cyber security risks that may affect the business. Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the Company's network to send and receive data. Such access could be authorised or unauthorised.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	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.	<u>COMPLIED</u>	This is a regular agenda item of the risk management discussion of the Board and have given due attention.
G.4	The Board should ensure the effectiveness of the cyber security risk management through independent periodic review and assurance. The scope and the frequency of the independent periodic reviews could be determined based on the industry vulnerability, company's business model and incident findings.	<u>COMPLIED</u>	Security assessment has been carried out and corrective actions are taken.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
G.5	The Board should disclose in the annual report, the process to identify and manage cyber security risks.	<u>COMPLIED</u>	IT Risk assessments are carried out according to ISO 27001:2013 and ISO 31000:2018 standards, at least annually to identify the risks on the IT environment of SSLP. Identified risks will be evaluated and proper measures are taken by the SSLP IT team to mitigate or minimise the threats. The Board of Directors shall be updated regarding the controls in place to mitigate cyber risks, and on possible cyber risks that the company is exposed to.
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 recognised managed, measured and reported.</p>	<u>COMPLIED</u>	<p>Risk Management on pages 37 to 40.</p> <p>Refer pages 41 to 78 and 82 to 84.</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 health and environmental implications of their decisions and activities, including:</p> <ul style="list-style-type: none"> ◆ pollution prevention ◆ sustainable resource use (e.g: water, energy) ◆ climate change ◆ protection of environment ◆ bio-diversity ◆ restoration of natural resources 	<u>COMPLIED</u>	Refer pages 70 to 78 and 82 to 84.
H.1.3	Social Factors		
H.1.3.1	<p>Social governance of an organisation should include its relationship with the community, customers, employees, suppliers, outsourced providers and any other party that can influence or be influenced by the organisation's business model.</p>	<u>COMPLIED</u>	Refer pages 65 to 69

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
H.1.4	Governance		
H.1.4.1	Companies should establish a governance structure to support its ability to create value and manage risks in the short, medium and long-term, recognising managing and reporting on all pertinent aspects of ESG.	<u>COMPLIED</u>	Risk Management on pages 37 to 40 . Refer pages 82 to 84.
H.1.5	Board's role on ESG Factors		
H.1.5.1	ESG reporting is a Board's responsibility and it is designed to add value by providing a credible account of the Company's economic, social and environmental impact. ESG reporting and disclosure should be formalised as part of the Company's reporting process and take place on a regular basis. ESG reporting should link sustainable issues more closely with strategy. ESG reporting may be built on a number of different guidelines, such as, Integrated Reporting Framework The Global Reporting Initiative Guidelines	<u>COMPLIED</u>	The Company follows ESG reporting and is disclosed in line with Global Reporting Initiatives (GRI) guidelines version G4 in this annual report and described from pages 213 to 217.

AUDIT COMMITTEE REPORT

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



**Dilip Kumar de Silva
Wijeyeratne**
Chairman - Audit Committee

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

PREAMBLE

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

COMPOSITION OF THE COMMITTEE AND ATTENDANCE

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

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

SECRETARY TO THE COMMITTEE

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

ATTENDEES BY INVITATION

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

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 Group and to review the adequacy of the internal control procedures, coverage of internal and external audit programmes, disclosure of accounting policies and compliance with statutory and corporate governance requirements.

ACTIVITIES IN 2022/23

1. Meetings of the Committee

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

Financial Statements for the 12 months period ended 31st March 2023 were also discussed at the meeting held on 8th May 2023. The minutes of the meetings were tabled at the meetings of the Board of Directors for information and necessary action.

2. Financial Reporting

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

3. Internal Audit Risk and Control

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

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

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

4. External Audit

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

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

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

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

5. Sri Lanka Accounting Standards

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

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

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

6. Cyber security Reviews

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

COMPLIANCE WITH RULES AND REGULATIONS

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

CORPORATE GOVERNANCE

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

RE APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee recommended to the Board of Directors that Messrs KPMG, Chartered Accountants be reappointed as the External Auditors for the financial year 2023/24, subject to the approval of the shareholders at the Annual General Meeting (AGM) and the required resolution will be put to the shareholders at the AGM.

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

(Sgd.)

Dilip Kumar de Silva Wijeyeratne

Chairman - Audit Committee

Colombo
8th May, 2023

REMUNERATION COMMITTEE REPORT

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



Mohamed Hisham Jamaldeen
Chairman - Remuneration Committee

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

PREAMBLE

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

COMPOSITION OF THE COMMITTEE AND ATTENDANCE

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

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

SECRETARY TO THE COMMITTEE

Mr. Shalinka Serasinghe, the Finance Director functions as the Secretary to the Committee.

RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

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

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

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

REMUNERATION POLICY

A primary objective of compensation packages is to attract and retain a highly qualified and experienced workforce, and reward performance. These compensation

packages should provide compensation appropriate for each business within the Group and commensurate with each employee's level of experience and contribution, bearing in mind the business performance and long-term shareholder returns.

MEETINGS OF THE COMMITTEE

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

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

(Sgd.)

Mohamed Hisham Jamaldeen

Chairman - Remuneration Committee

Colombo

11th May, 2023

NOMINATION COMMITTEE REPORT

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



Mohan Pandithage
Chairman - Nomination
Committee

Fellow of the Chartered Institute of Logistics and Transport (UK). Serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. Council Member of the Employers' Federation of Ceylon. Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA).

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

PREAMBLE

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

COMPOSITION OF THE COMMITTEE

Name	Directorship Status
Mr. A M Pandithage (Chairman)	Executive Director
Mr. M H Jamaldeen	Independent-Non Executive Director
Mr. K D D Perera	Non-Executive Director (resigned with effect from 10th June 2022)

RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

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

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 and Mr. M. H. Jamaldeen retire by rotation and being eligible offer themselves for re-election.

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

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

The above recommendation was approved by the Board.

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

(Sgd.)

Mohan Pandithage

Chairman - Nomination Committee

Colombo
11th May, 2023

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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



Deepal Sooriyaarachchi
Chairman - Related Party
Transactions Review Committee

Mr. Deepal Sooriyaarachchi is a Fellow of the Chartered Institute of Marketing UK and holds an MBA from the University of Sri Jayewardenepura and an Accredited Master Coach and a Master Mentor. He is a renowned Management Consultant, Speaker, Trainer and an Author.

PREAMBLE

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

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

COMPOSITION OF THE COMMITTEE AND ATTENDANCE

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

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

SECRETARY TO THE COMMITTEE

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

RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

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

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

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 Regnis (Lanka) PLC and communicated to the Board.

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

REPORTING TO THE BOARD

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

RELATED PARTY TRANSACTIONS/ DISCLOSURES DURING THE YEAR

A detailed disclosure of all the related party transactions including Recurrent and Non Recurrent related party transactions which are required to be disclosed under section 9.3.2 of the listing rules of the Colombo Stock Exchange .

Related Party Transactions are disclosed in the Note 37.2.1 to the Financial Statements.

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

(Sgd.)

Deepal Sooriyaarachchi

Chairman - Related Party Transactions Review Committee

Colombo
8th May, 2023

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SINGER SISIL

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365 DAYS RESULTS

FINANCIAL CALENDAR 2022/23



ANNUAL REPORT AND ACCOUNTS APPROVED

2022/23	2021/22
11 May 2023	13 May 2022



ANNUAL GENERAL MEETING HELD/TO BE HELD

2022/23	2021/22
29 June 2023	29 June 2022



INTERIM FINANCIAL STATEMENTS

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

	2022/23	2021/22
For the three months ended 30th June (Unaudited)	08 August 2022	11 August 2021
For the six months ended 30th September (Unaudited)	10 November 2022	11 November 2021
For the nine months ended 31 December (Unaudited)	06 February 2023	14 February 2022
For the twelve months ended 31 March (Unaudited)	11 May 2023	13 May 2022



PROPOSED FINANCIAL CALENDER

	2023/24
For the three months ending 30th June (unaudited)	August 2023
For the six months ending 30th September (unaudited)	November 2023
For the nine months ending 31 December (unaudited)	February 2024
For the twelve months ending 31 March (unaudited)	May 2024
Annual general meeting	June 2024

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

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

1. PREFACE

The Directors of Regnis (Lanka) PLC are pleased to present the shareholders their report on the affairs of Regnis (Lanka) PLC together with the Audited Financial Statements of the Company and the audited consolidated financial statements of the Group for the year ended 31 March 2023 and the Independent Auditor's Report on those Financial Statements conforming to all relevant statutory requirements. This Report provides the information as required by the Companies Act No. 07 of 2007 (the Companies Act), and amendments thereto, the Listing Rules of the Colombo Stock Exchange ('CSE') and the recommended best practices.

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

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

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

As required under Section 168 of the Companies Act, the information is disclosed in page 85 in this Report prepared for the year ended 31 March 2023.

2. REVIEW OF BUSINESS

2.1 Vision, Mission and Corporate Conduct

The Company's Vision and Mission Statements are exhibited on page 03 of the Annual Report.

2.2 Principal Activity

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

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

2.3 Review of Operations of the Company

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

A review of the business of the Company and its subsidiary and their performance during the year with comments on financial results, future strategies and prospects are contained in the Chairman's statement on pages 14 to 15, the Chief Executive Officer's review on pages 16 to 17 and Management Discussion and Analysis on pages 26 to 28 the Company's affairs and the important events that occurred during the year, and up to the date of this Report which forms an integral part of this Report.

3. INDEPENDENT AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on page 132 to 134 in this Annual Report.

4. FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2023 are in accordance with the Sri Lanka Accounting Standards, SLFRSs/ LKASs, issued by The Institute of Chartered Accountants of Sri Lanka and the requirements of Section 151 (and Section 153 for consolidated entity) of the Companies Act.

The financial statements duly signed by the Directors are provided on page 138 in this Annual Report.

4.1 Accounting Policies

The accounting policies adopted in preparation of the financial statements and the changes thereto are provided in the Notes to the financial statements on pages 143 to 206. The Group has consistently applied the accounting policies as set out in Note 04 to all periods presented in these consolidated financial statements.

5. CORPORATE GOVERNANCE

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

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

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

1. Requirements mentioned in Section 168 of the Companies Act in page 85
2. Content of the Annual Report as per rule 7.6 of the listing rules of CSE in page 86

3. Requirements on Corporate Governance as per rule 7.10 and 7.13 of the listing rules of CSE in pages 87 to 89
4. Requirements on Related Party Transactions as per rule 9 of the listing rules of CSE in pages 89 to 90
5. Code of best practices on Corporate Governance 2017 issued by CA Sri Lanka in pages 91 to 113

The Report on Corporate Governance on pages 79 to 84 describes the application of the Corporate Governance practices within the Company during the year under review.

6. FUTURE OUTLOOK

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

7. DIRECTORS OF THE COMPANY

7.1 Information on Directors as at 31 March 2023

The Board of Directors of the Company as at 31 March 2023 consisted of eight Directors with wide commercial and financial knowledge and experience as detailed in the 'Board of Directors Profiles' on pages 20 to 21.

The names of the Directors of the Company who held the office during the year and as at the end of March 2023, as required by the Section 168 (1) (h) of the Companies Act, are given below:

Name of the Director	Executive/ Non-Executive	Independent/ Non-Independent
Mr. A M Pandithage (Chairman)	Executive	-
Mr. M H Wijewardene (CEO)	Executive	-
Mr. S C Ganegoda	Non-Executive	Non-Independent
Mr. M H Jamaldeen	Non-Executive	Independent
Mr. D K de Silva Wijeyeratne	Non-Executive	Independent
Mr. N L S Joseph	Non-Executive	Independent
Mr. K D G Gunarathne	Non-Executive	Independent
Mr. K D Kospelawatta	Executive	-
Mr. M Irzan (Alternate Director to Mr. Kelum Kospelawatta)		
Mr. K.T. Ramesh Chitrasiri (Alternate Director to Mr. S.C. Ganegoda; appointed on 20th April 2022 and resigned on 30th September 2022)		
Mr. V.J. Shanil Perera (Alternate Director to Mr. M.H. Wijewardene; appointed on 20th April 2022)		

Directors of Subsidiary

The names of the Directors of the Subsidiary Regnis Appliances (Pvt) Ltd who held the office during the year and as at the end of March 2023:

Name of the Director

Mr. A M Pandithage (Chairman)
Mr. M H Wijewardene (CEO)
Mr. S C Ganegoda
Mr. N M P Fernando
Mr. K D Kospelawatta
Mr. T M V Tennakoon
Mr. B. T. L. Mendis

7.2 Independence of Directors

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

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

No new appointments during the financial year.

7.4 Appointments, Resignations and Re-elections

Mr. V.J.S. Perera, appointed as an Alternate Director to Mr. M.H. Wijewardene on 20th April 2022. Mr. KT Ramesh Chitrasiri appointed as an Alternate Director to Mr. S.C. Ganegoda on 20th April 2022 and resigned on 30 September 2022.

Notice has been given pursuant to Section 211 of the Companies Act of the intention to propose an ordinary resolution for re-election of Mr. A.M. Pandithage, who is 72 years of age notwithstanding the age limit of 70 years stipulated by Section 210 of the Companies Act.

In terms of Article 24 (4) of the Article of Association of the Company, Mr. S.C. Ganegoda and Mr. M.H. Jamaldeen retire by rotation and being eligible, offer themselves for re-election.

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

7.5 Disclosure of Directors' dealing in shares

Shareholdings of the Directors and Executive Officer at the beginning of the year and as at the end of the year ended 31st March 2023 are stated below:

Name of the Director	Shareholding 31st March 2023 (Number of Shares)	Shareholding 1st April 2022 (Number of Shares)
Mr. A M Pandithage (Chairman)	-	-
Mr. M H Wijewardene (CEO)	-	-
Mr. S C Ganegoda	-	-
Mr. M H Jamaldeen	-	-
Mr. D K de Silva Wijeyeratne	-	-
Mr. N L S Joseph	-	-
Mr. K D G Gunarathne	-	-
Mr. K D Kospelawatta	-	-
Mr. M Irzan (Alternate Director to Mr. Kelum Kospelawatta)	-	-
Mr. K.T. Ramesh Chitrasiri (Alternate Director to Mr. S.C. Ganegoda; appointed on 20th April 2022 and resigned on 30th September 2022)	-	-
Mr. V.J. Shanil Perera (Alternate Director to Mr. M.H. Wijewardene; appointed on 20th April 2022)	-	-

7.6 Directors interest register

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

7.7 Directors interest in contracts or proposed contracts

Details of transactions with Director related entities are disclosed in Note 37 to the financial statements on pages 137 to 206 and have been declared at the quarterly Board meeting, pursuant to Section 192 (1) & 192 (2) of the Companies Act.

The Directors have also disclosed transactions, if any, that could be classified as Related Party Transactions in terms of the Sri Lanka Accounting Standard – LKAS 24 on "Related Party Disclosures". Please refer Note 37 to the Financial Statements on pages 202 to 205 for those transactions disclosed by the Directors.

7.8 Directors fees and remuneration

Executive Directors remuneration is structured within an established framework by the Board's Remuneration Committee to whom this task has been entrusted. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration of the Executive Directors for the reporting period ended 31 March 2023 is given on Note 37.4 and page 203 to 204 includes the value of perquisites granted to them as part of their terms of service.

The total Directors fees of Non-Executive Directors for the reporting period ended 31 March 2023 is given in Note 09 and page 162 is determined according to the scales of payment decided upon by the Board. The Board is satisfied that the payment of remuneration is fair to the Company.

7.9 Directors' Indemnity and insurance

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

7.10 Statutory Payments

The declaration relating to Statutory Payments is made in the Statement of Directors' Responsibility on pages 128 to 129.

7.11 Directors' responsibility for financial reporting

The Directors are responsible for the preparation of Financial Statements of the Company in conformity with the requirements of relevant Sri Lanka Financial Reporting Framework and Sri Lanka Accounting Standards (Mandated by the Act No. 15 of 1995) and the Companies Act which reflect a true and fair view of the financial position and performance of the Company. The "Statement of Directors' Responsibility" appearing on pages 128 to 129.

7.12 Directors' Declaration on Corporate Governance

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

- ◆ The Company complied with all applicable laws and regulations in conducting its business;
- ◆ They have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;

- ◆ The Company has made all endeavours to ensure the equitable treatment of shareholders;
- ◆ The business is a going concern with supporting assumptions or qualifications as necessary; and
- ◆ They have conducted a review of internal controls covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness

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

8. BOARD COMMITTEES

8.1 Audit Committee

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

The members and the composition of the members are given on Pages 114 to 115 under the Audit Committee Report.

The Report of the Audit Committee on Pages 114 to 115 sets out the manner of compliance by the Company in accordance with the requirements of the Listing Rule 7.10.6 of the CSE on Corporate Governance.

8.2 Remuneration Committee

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

The members and the composition of the members are given on Page 116 under the Report of the Remuneration Committee.

The Report of the Remuneration Committee on page 116 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 09 on page 162 to the financial statements.

8.3 Board Nomination Committee

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

The members and the composition of the members are given on page 117 under the Report of the Nomination Committee of Regnis (Lanka) PLC.

The Report of the Board Nomination Committee on page 117 sets out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued by The Institute of CA of Sri Lanka.

8.4 Related Party Transactions Review Committee

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

The members and the composition of the members are given on Page 118 under the Report of the Related Party Transactions Review Committee.

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

The Report of the Board-Related Party Transactions Review Committee on pages 118 to 119 sets out the manner of compliance by the company.

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

For the year ended 31 March	Note Reference	Page Reference	2022/23 Rs.'000	2021/22 Rs.'000
Group profit before taxation (PBT)	9	162	54,565	37,517
Tax expense	10	163	(28,236)	(10,421)
Profit After Tax (PAT)	-	137	26,329	27,096
Other Comprehensive income net of tax	10.4.1	165	10,135	(626)
Profit brought forward from the previous year	-	139	1,013,640	1,032,436
Adjustments due to realization of Revaluation Surplus	24.1	178	8,462	5,557
Total available for Appropriations	-	-	1,058,566	1,064,463
Adjustment for surcharge tax levied under the surcharge tax no. 14 of 2022	10.1.3	163	-	(50,823)
Interim Dividend for the period	33	189	-	-
Un-appropriated profit carried forward by the group	-	139	1,058,566	1,013,640
Un-appropriated profit carried forward by the Company	-	140	804,396	782,335

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

9.1 Financial Performance Analysis -2022/23

The Profit Before Tax of the Group amounted to Rs. 54.6 million. (Rs. 37.5 million in 2021/22), which increased by 45%. Further, the Profit After Tax of the Group amounted to Rs. 26.3million (Rs. 27 million in 2021/22), reflecting a marginal decline of 3%.

Information on the movement of reserves is given in the Statement of Changes in Equity on page 139 to 140 to the Financial Statements. Refer Financial Capital on pages 44 to 48 in this report.

9.2 Reserves

The summary of Group and the Company reserves given below:

Particulars	GROUP		COMPANY	
	As at	As at	As at	As at
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Stated Capital	211,192	211,192	211,192	211,192
Revaluation Reserve	471,711	565,121	471,711	565,121
Available-for-Sales Reserve /FVOCI	9,525	8,409	9,525	8,409
Retained Earnings	1,058,567	1,064,463	804,396	833,158
Total	1,750,995	1,849,185	1,496,824	1,617,880

Information on the movement of reserves is given in the Statement of Changes in Equity on pages 139 to 140 to the Financial Statements.

9.3 Property, Plant and Equipment and Intangible Assets

During the period under review, the Group and Company invested a sum of Rs. 18,162,446/- (2021/22 Rs 63,871,137/-) and Rs.17,396,710/- (2021/22 Rs. 19,064,901/-).

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

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

9.4 Market value of properties

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

The most recent valuation was carried out on 31st March 2023. The details of the valuation are given in Note 12.13 to the financial statements on page 170 in this Report.

9.5 Investments

Investments Details of long term investments are given in Notes 15 and 16 to the financial statements on page 173.

9.6 Taxation

Income taxes are computed based on rates enacted or substantively enacted as at the Reporting Date. The income tax rate applicable to the Company and the subsidiary's operations for the year under review is 30% and 20% respectively. (2021/22 - Company and Subsidiary 18%) Details of the corporate tax paid are given in Notes 10 to the financial statements on pages 163 to 165..

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

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

9.7 Stated Capital

As per the Companies Act, the Stated Capital of the Company was Rs. 211,192,425/- as at 31 March 2023 and was unchanged during the 12 months period. Details are given in Note 23 to the Financial Statements on pages 177 to 178.

9.8 Dividend

The board of directors of the company neither paid any interim dividend nor recommended a final dividend for the year 2022/23.

9.9 Intangible Assets

The carrying value of intangible assets of the group and the company as at the Reporting Date amounted to Rs. 31,842,222 million and Rs.20,899,007million respectively. Movement of intangible assets from the balance as at 01st April 2022 to the balance as at 31 March 2023, additions and disposals made, together with the amortisation charge for the year, are set out in Note 14 to the Financial Statements on page 172.

9.10 Donations

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

9.11 Commitments & Contingencies

Details of capital commitments as at 31 March 2023 are provided in Note 35 on page 199.

9.12 Events after the Reporting Period

No circumstances have arisen since the reporting date, which would require adjustment or disclosure except for the details given in Note 36 to the Financial Statements on page 199.

10. EXPOSURE TO RISK

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

11. GOING CONCERN

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

12. EXTERNAL AUDITOR

12.1 Appointment of Auditor

The Financial Statements for the period under review were audited by Messrs KPMG, Chartered Accountants who offer themselves for reappointment for the ensuing year. As recommended by the Audit Committee, The Directors propose the reappointment of Messrs KPMG, Chartered Accountants as Auditors of the Company for the year 2023/24 subject to the approval of the shareholders at the Annual General Meeting.

The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditors.

12.2 Auditor's Remuneration

The audit and non-audit fees paid to the Auditors by the company and the Group are disclosed in Note 09 on page 162 in this Annual Report.

12.3 Auditor's Independence

Independence Confirmation has been provided by Messrs. KPMG as required by the Section 163 (3) of the Companies Act, in connection with the audit for the year ended 31 March 2023 confirming that KPMG is not aware of any relationship with or interest in the Company or its subsidiary audited by KPMG that in their judgement, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct issued by CA Sri Lanka.

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

13. SUSTAINABILITY

The Company is adopting sustainability practices and sustainability reporting. The Company has considered the sustainability aspects when formulating its business strategies and details of which are presented on pages 211 to 212.

14. ENVIRONMENTAL PROTECTION

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

15. HUMAN RESOURCES

A brief description of the Company's Remuneration Policy and the Methodology given in the Remuneration Committee Report on page 116.

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

The number of persons employed by the Group and Company as at 31 March 2023 was 378 (2021/22 - 517) and 318 (2021/22 -450) respectively.

16. MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS

Details relating to material issues pertaining to employees and industrial relations are given in Human Capital on pages 53 to 60

17. NOTICE OF MEETING

The Annual General Meeting of Regnis (Lanka) PLC, will be held Thursday, 29th June 2023 at 9.00 a.m. at the Conference hall of Hayleys PLC, No. 400, Deans Road, Colombo 10. The Notice of the Annual General Meeting appears on page 222.

18. ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

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

For and on behalf of the Board,

(Sgd.)
A M Pandithage
Chairman

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

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

Colombo
11th May, 2023

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

The responsibility of the Independent Auditor in relation to the Financial Statements is set out in the Report of the Auditors given on pages 132 to 134 of the Annual Report.

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

The Financial Statements comprise of the Statement of Financial Position as at 31 March 2023, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

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

- ◆ Financial position of the Company and the Group as at 31 March 2023; and
- ◆ The Statement of Profit or Loss and Other Comprehensive Income of the Company and the Group for the financial year ended.

COMPLIANCE REPORT

- a) Appropriate Accounting Policies have been selected and applied in preparing the Financial Statements are provided on pages 143 to 157 based on the latest financial reporting framework on a consistent basis, while reasonable and prudent judgements

and estimates have been made so that the form and substance of transactions are properly reflected and material departures, if any, have been disclosed and explained.

- b) The Financial Statements for the year ended 31 March 2023, prepared and presented in this Annual Report in agreement with the underlying books of account and are in conformity with the requirements of the following:

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

- c) The Directors have taken appropriate steps to ensure that the Company and the Group maintains proper books of account and review the financial reporting system directly by them at their regular meetings and also through the Audit Committee, the Report of the said Committee is given on pages 114 to 115 of this Annual Report.

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

- d) The Proper accounting records which correctly record and explain the Company and the Group's transactions have been maintained as required by the Section 148 (1) of the Companies Act to determine at any

point of time the Company's financial position, with reasonable accuracy, enabling preparation of the Financial Statements, in accordance with the Companies Act to facilitate proper audit of the Financial Statements.

- e) The Board of Directors accept responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.
- f) They have taken reasonable measures to safeguard the assets of the Company and the Group and to prevent and detect frauds and other irregularities. In that context, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal checks, internal audit and financial and other controls required to carry on the business in an orderly manner and safeguard its assets and secure as far as practicable, the accuracy and reliability of the records.
- g) As required by Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Company, who has expressed desire to receive a hard copy within the stipulated period of time (not less than fifteen working days before the date fixed for holding the Annual General Meeting) as required by the Rule No. 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the CSE.
- h) That all shareholders in each category have been treated equitably in accordance with the original terms of issue.
- i) That the Company and the Group have met all the requirements under the Section 07 on Continuing Listing Requirements of the Listing Rules of the CSE, where applicable.

- j) After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the 'Code on Corporate Governance' issued by the CA Sri Lanka, the Board of Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, we continue to adopt the Going Concern basis in preparing the Financial Statements.
- k) The Financial Statements of the Company and the Group have been certified by the Chief Financial Officer, the officer responsible for their preparation, as required by the Sections 150 (1) (b) of the Companies Act and also have been signed by two Directors of the company on page 138 as required by the Sections 150 (1) (c) of the Companies Act and other regulatory requirements.
- l) The external Auditors, Messrs. KPMG, Chartered Accountants who will be reappointed in terms of the Companies Act as the Auditors of the Company at the Annual General Meeting were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors,

shown on pages 132 to 134 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 2023/24.

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

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

By order of the Board

(Sgd.)

Hayleys Group Services (Private) Limited

Company Secretaries

Regnis (Lanka) PLC

Colombo

11th May, 2023

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

The Financial Statements of the Regnis (Lanka) PLC (the Company) and its subsidiary Regnis Appliances (Pvt) Ltd as at 31 March 2023 are prepared and presented in conformity with the requirements of the following:

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

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

We confirm that to the best of our knowledge, the Financial Statements, Significant Accounting Policies and other financial information included in this Annual Report, fairly present in all material respects the

financial condition, results of the operations and the Cash Flows of the Company during the twelve months under review.

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

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

The Financial Statements of the Company and its subsidiary were audited by Messrs. KPMG, Chartered Accountants and their Report is given on pages 132 to 134.

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

We confirm that,

- ◆ the Company and its subsidiary have complied with all applicable laws, regulations and prudential requirements;
- ◆ there are no material non-compliances;
- ◆ there are no material litigations that are pending against the Group other than those disclosed in the Note 35.5 to the Financial Statements in this Annual Report.

(Sgd.)

Maresh Wijewardene

Group Chief Executive Officer

(Sgd.)

Kanchana Atukorala

Chief Financial Officer

Colombo
11th May, 2023

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

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

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

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

- ◆ Instituted various committees to assist the Board in ensuring the effectiveness of Company and its subsidiary operations are in accordance with the corporate strategies and annual budget.
- ◆ The Group Internal Audit and the Risk Management division to review and report on the internal control environment in the Company and

its subsidiary. Audits are carried out in accordance with the annual audit plan approved by the Group Audit Committee. Findings are submitted to the Group Audit Committee for review at their periodic meetings.

- ◆ The Audit Committee reviews internal control issues identified by Group Internal Audit and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings are tabled at the Board meetings of Regnis (Lanka) PLC.
- ◆ The adoption of new Sri Lanka Accounting Standards comprising LKAS and SLFRS, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress to ensure effective implementation of the required processes.
- ◆ The comments made by External Auditors in connection with the internal control system during the financial year 2022/23 was taken into consideration and appropriate steps have been taken to incorporate them where appropriate.

CONCLUSION

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

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

(Sgd.)
A M Pandithage
Chairman

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

11th May, 2023



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
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To the Shareholders of Regnis (Lanka) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Regnis (Lanka) PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Carrying value of Inventories

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

Risk Description

The Group has recognized a total inventory provision of Rs. 101 Mn (the Company Rs. 63.2 Mn) in relation to the total inventory value of Rs. 1.82 Bn (the Company Rs. 1.28 Bn) as at 31 March 2023.

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

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

Our Responses

Our audit procedures included:

- ◆ Obtaining and understanding an assessing the design, implementation and operating effectiveness of management's key internal controls over the provision computations and to ensure the accuracy of the inventory provision.
- ◆ Challenging the management with regard to the calculation methodology, the basis for provision and the process with respect to inventory provision.
- ◆ Attending stock counts as at the year-end. In addition, assessing the effectiveness of the physical count controls in operation at each count location to identify damaged stocks, and expired stocks that are written off in a timely manner and evaluating the results of the other counts performed by the management throughout the period to assess the existence of inventory
- ◆ Assessing the adequacy of, and movements in, inventory provisions held, by recalculating a sample of items included within the provision to ensure appropriate basis of valuation.
- ◆ On a sample basis, assessing, whether inventories were stated at the lower of cost or net realizable value at the reporting date by comparing the sales prices of inventories subsequent to the reporting date where available and with the latest prices and checked whether there were any considerably low margin products which would potentially have an effect of the net realizable value.
- ◆ Evaluating the appropriateness of the assumptions used in management assessment of provision for slow moving inventory to ensure that management assessment is adequate based on our knowledge and information of the client and the industry.

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 guarantee. All rights reserved.

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

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA,
Ms. F.R. Ziyad FCMA(UK), FTII

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

W.W.J.C. Perera FCA
W.K.D.C. Abeyaratne FCA
R.M.D.B. Rajapaksa FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara ACA

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. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

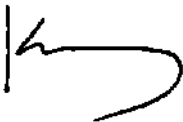
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and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

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

Report on Other Legal and Regulatory Requirements

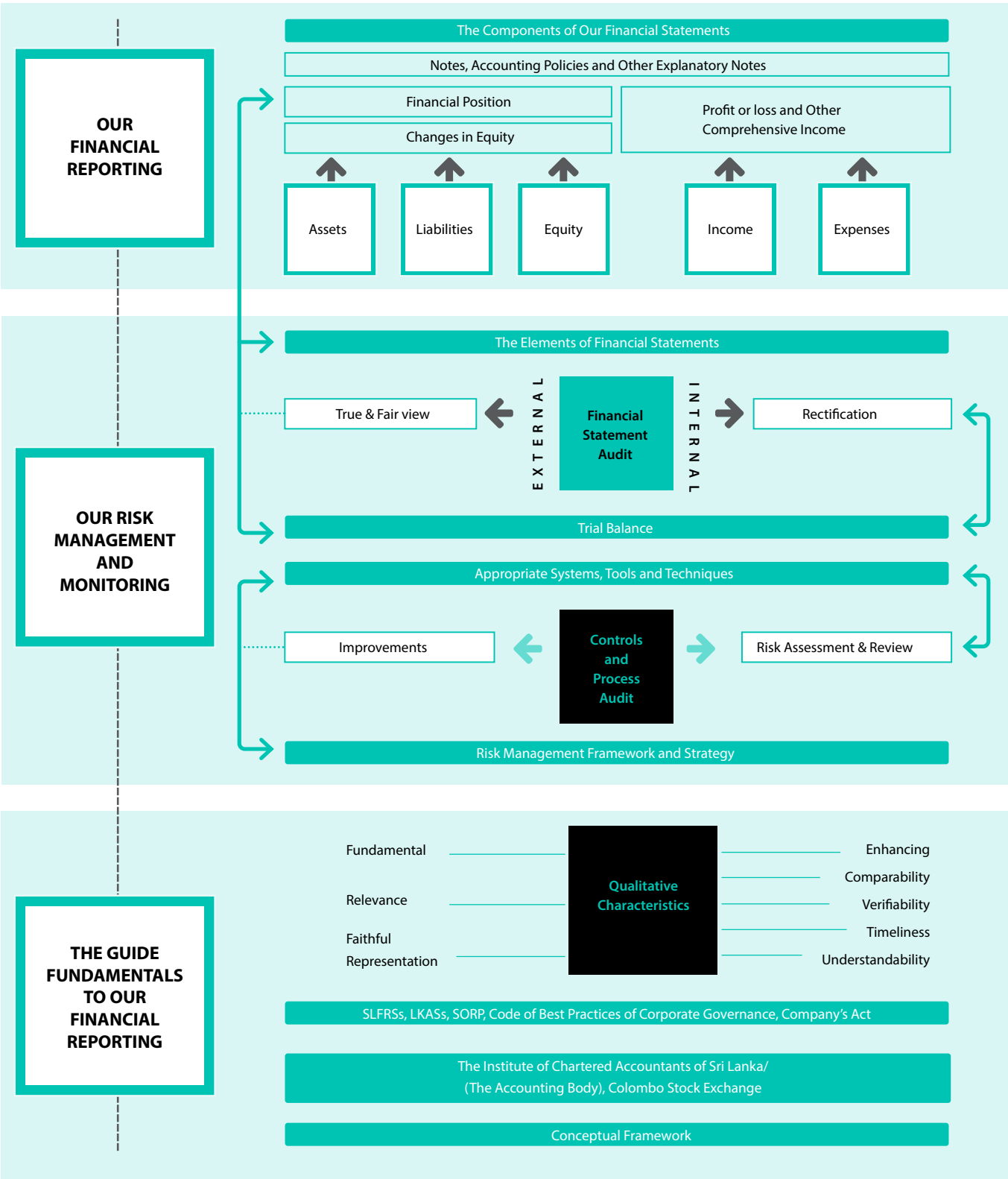
As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

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

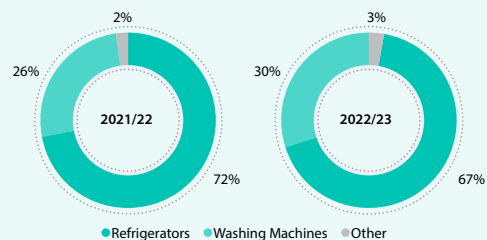
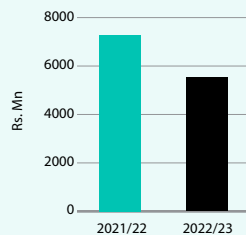
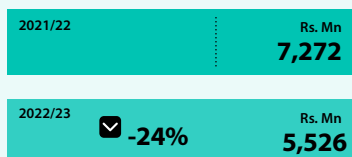
**CHARTERED ACCOUNTANTS**

Colombo, Sri Lanka

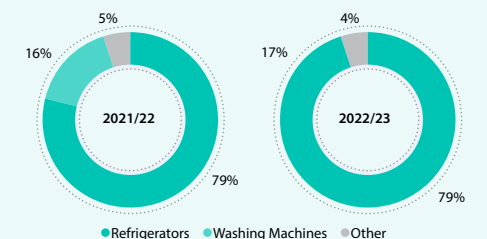
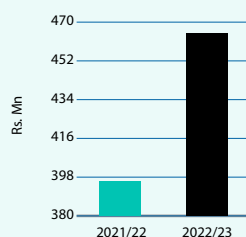
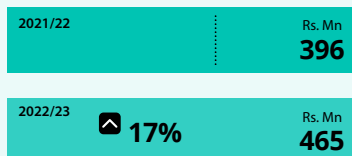
18th May, 2023



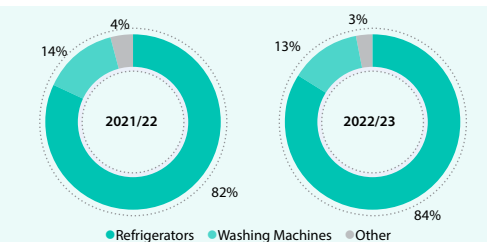
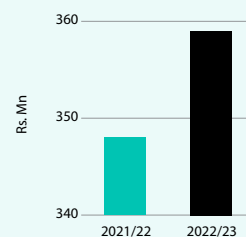
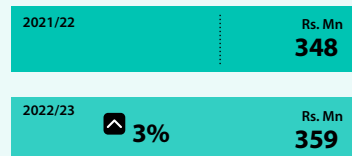
REVENUE



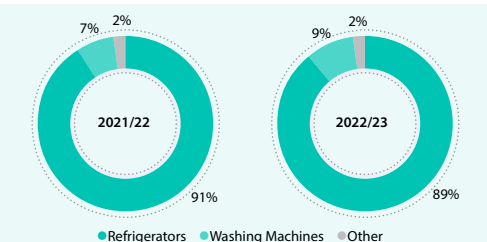
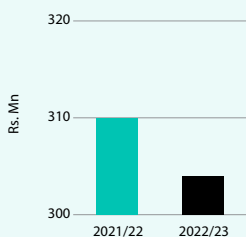
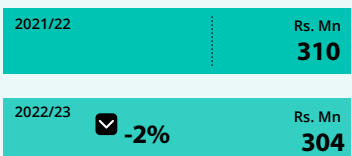
GROSS PROFIT



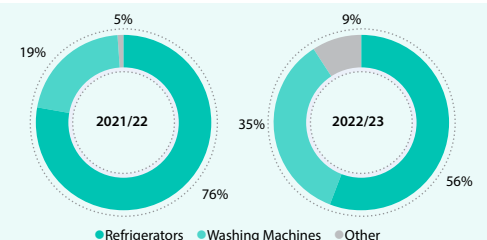
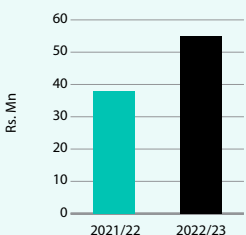
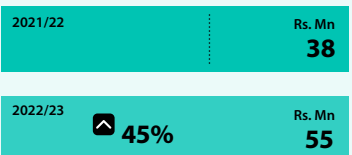
OPERATING PROFIT



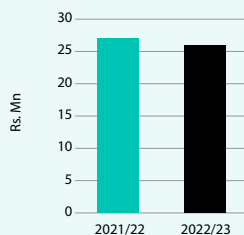
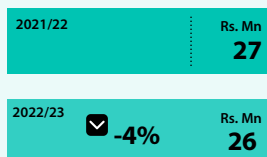
NET FINANCE COST



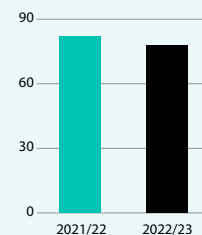
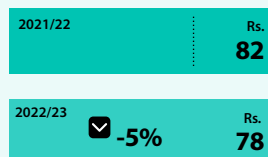
PROFIT BEFORE TAXATION



PROFIT AFTERTAX



NET ASSET PER SHARE



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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REGINIS (LANKA) PLC
ANNUAL REPORT 2022/23

For the year ended 31st March	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Revenue	5	5,526,469,054	7,272,124,592	3,721,996,227	5,244,283,009
Cost of sales		(5,061,474,735)	(6,876,195,404)	(3,354,709,767)	(4,929,896,319)
Gross profit		464,994,319	395,929,188	367,286,460	314,386,690
Other income	7	318,832	8,251,626	318,832	3,858,232
Administrative expenses		(27,305,502)	(18,744,544)	(21,299,133)	(14,610,428)
Selling and distribution expenses	9.2	(79,347,941)	(37,473,953)	(45,226,271)	(19,005,356)
Operating profit		358,659,708	347,962,317	301,079,888	284,629,138
Finance cost	8.1	(354,371,357)	(316,408,396)	(295,083,585)	(292,278,899)
Finance income	8.2	50,276,558	5,963,246	24,852,909	9,317,256
Net finance cost		(304,094,799)	(310,445,150)	(270,230,676)	(282,961,643)
Profit before tax	9	54,564,909	37,517,167	30,849,212	1,667,495
Tax expenses	10	(28,235,674)	(10,420,968)	(25,201,072)	(2,511,074)
Profit/ (loss) for the year		26,329,235	27,096,199	5,648,140	(843,579)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Re-measurement gain/(loss) on defined benefit obligation	26.4	14,088,970	(763,013)	11,358,446	(100,352)
Deferred tax on re-measurement on defined benefit obligation	10.4	(3,953,639)	137,342	(3,407,534)	18,063
Impact on deferred tax rate change on revaluation reserve	10.4	(84,948,110)	-	(84,948,110)	-
Revaluation gain on land and building	24.1	-	134,160,922	-	134,160,922
Deferred tax on revaluation	10.4	-	(24,148,966)	-	(24,148,966)
Items that may be reclassified subsequently to profit or loss					
Net change in fair value of equity securities - FVOCI					
Change of fair value of FVOCI investment	16	1,594,661	1,975,380	1,594,661	1,975,380
Deferred tax on equity investments at FVOCI – change in fair value	10.4	(478,398)	(355,568)	(478,398)	(355,568)
Total Other comprehensive (expense)/income for the year, net of tax		(73,696,516)	111,006,097	(75,880,935)	111,549,479
Total comprehensive (expense)/income for the year, net of tax		(47,367,281)	138,102,296	(70,232,795)	110,705,900
Profit attributable to:					
Owners of the Company		26,329,235	27,096,199	5,648,140	(843,579)
Non-Controlling Interest		-	-	-	-
		26,329,235	27,096,199	5,648,140	(843,579)
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(47,367,281)	138,102,296	(70,232,795)	110,705,900
Non-Controlling Interest		-	-	-	-
Total comprehensive (expense)/income for the year, net of tax		(47,367,281)	138,102,296	(70,232,795)	110,705,900
Earnings/ (loss) per share – Diluted/ Basic (Rs.)	11	1.17	1.2	0.3	(0.04)

Figures in brackets indicate deductions.

The accounting policies and notes on page 143 to 206 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Assets					
Non-current assets					
Property, plant and equipment	12	1,236,629,959	1,317,163,879	1,142,270,380	1,206,321,861
Right of use asset	13	15,053,947	33,118,687	-	-
Intangible assets	14	31,842,222	36,134,039	20,899,007	23,789,787
Investment in subsidiary	15	-	-	150,000,000	150,000,000
Investment in equity securities	16	28,874,743	27,280,082	28,874,743	27,280,082
Pre-paid operating leases	17	-	59,315,324	-	-
Other receivables	19.1	227,264	6,375,510	227,264	1,075,810
Total non-current assets		1,312,628,135	1,479,387,521	1,342,271,394	1,408,467,540
Current assets					
Inventories	18	1,829,302,322	1,721,405,501	1,289,190,667	1,196,117,181
Trade and other receivables	19.2	88,719,775	338,454,438	39,885,537	281,564,118
Amounts due from related parties	20	996,353,349	1,328,019,970	615,224,739	1,013,235,398
Income tax recoverable	30.1	-	8,704,040	-	8,704,040
Prepayments	21	21,443,821	16,022,805	15,024,267	11,742,558
Cash and cash equivalents	22.1	5,543,296	10,145,932	4,986,994	8,275,475
Total current assets		2,941,362,563	3,422,752,686	1,964,312,204	2,519,638,770
Total assets		4,253,990,698	4,902,140,207	3,306,583,598	3,928,106,310
Equity					
Stated capital	23	211,192,425	211,192,425	211,192,425	211,192,425
Reserves	24	481,235,906	573,530,192	481,235,906	573,530,192
Retained earnings		1,058,566,279	1,064,462,727	804,396,074	833,158,036
Total equity attributable to owners of the Company		1,750,994,610	1,849,185,344	1,496,824,405	1,617,880,653
Non-current liabilities					
Deferred tax liabilities	25	265,844,381	171,139,203	263,803,028	165,321,683
Employee benefits	26.4	151,989,099	145,082,721	144,890,716	136,272,198
Lease liability	32.4	-	10,719,961	-	-
Total non-current liabilities		417,833,480	326,941,885	408,693,744	301,593,881
Current liabilities					
Trade and other payables	27	470,851,992	1,717,528,883	143,424,928	1,226,704,536
Amounts due to related parties	28	625,098,433	220,537,020	475,581,619	300,056,432
Provisions	29	58,170,943	56,727,822	41,325,122	38,360,528
Income tax payable	30.2	3,918,856	1,619,827	925,259	-
Dividends payable	31	3,289,098	3,444,079	3,289,098	3,444,079
Lease liability	32.4	10,719,960	9,119,997	-	-
Loans Due to Related Parties	32.1	150,000,000	-	150,000,000	-
Loans and borrowings	32.1	683,198,570	698,768,050	525,202,677	421,798,901
Bank overdraft	22.2	79,914,756	18,267,300	61,316,746	18,267,300
Total current liabilities		2,085,162,608	2,726,012,978	1,401,065,449	2,008,631,776
Total liabilities		2,502,996,088	3,052,954,863	1,809,759,193	2,310,225,657
Total equity and liabilities		4,253,990,698	4,902,140,207	3,306,583,598	3,928,106,310

The accounting policies and notes on page 143 to 206 form an integral part of these financial statements.

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

(Sgd.)

Kanchana Atukorala

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Board,

(Sgd.)

A M Pandithage

Chairman

Colombo

11th May 2023

(Sgd.)

M H Wijewardene

Director/ Group Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

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Group		Stated Capital	Revaluation Reserve	FVOCI	Retained Earnings	Total
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2021		211,192,425	460,665,277	6,789,147	1,032,436,199	1,711,083,048
Total comprehensive income						
Profit for the year		-	-	-	27,096,199	27,096,199
Other comprehensive income						
Re-measurement of defined benefit obligation	26.4	-	-	-	(763,013)	(763,013)
Change of fair value of FVOCI investment	16.2	-	-	1,975,380	-	1,975,380
Surplus on revaluation of land and building	24.1	-	134,160,922	-	-	134,160,922
Related taxes						-
Deferred tax on re-measurement on defined benefit obligation	10.4	-	-	-	137,342	137,342
Deferred tax on equity investments at FVOCI – change in fair value	10.4	-	-	(355,568)	-	(355,568)
Impact on deferred tax rate change on revaluation reserve	10.4	-	(24,148,966)	-	-	(24,148,966)
Total other comprehensive income, net of tax	26.4 10.4 16.2	-	110,011,956	1,619,812	(625,671)	111,006,097
Total comprehensive income for the year, net of tax		-	110,011,956	1,619,812	26,470,528	138,102,296
Transaction with owners of the Company, recognised directly in equity						
Final dividend 2021/22		-	-	-	-	-
Total transaction with owners of the Company		-	-	-	-	-
Realisation of revaluation surplus	24.1	-	(5,556,000)	-	5,556,000	-
Balance as at 31st March 2022		211,192,425	565,121,233	8,408,959	1,064,462,727	1,849,185,344
Adjustment for surcharge tax levied under the surcharge tax act no. 14 of 2022					(50,823,452)	(50,823,452)
Adjusted equity balance as at 1st April 2022		211,192,425	565,121,233	8,408,959	1,013,639,275	1,798,361,892
Total comprehensive income						
Profit for the year		-	-	-	26,329,235	26,329,235
Other comprehensive income						
Re-measurement of defined benefit obligation	26.4	-	-	-	14,088,970	14,088,970
Change of fair value of FVOCI investment	16.2	-	-	1,594,661	-	1,594,661
Related taxes						
Deferred tax on re-measurement on defined benefit obligation	10.4	-	-	-	(3,953,639)	(3,953,639)
Deferred tax on equity investments at FVOCI – change in fair value	10.4	-	-	(478,398)	-	(478,398)
Impact on deferred tax rate change on revaluation reserve	25	-	(84,948,110)	-	-	(84,948,110)
Total other comprehensive (expense)/income, net of tax	26.4 10.4 16.2	-	(84,948,110)	1,116,263	10,135,331	(73,696,516)
Total comprehensive (expense)/income for the year, net of tax		-	(84,948,110)	1,116,263	36,464,566	(47,367,281)
Transaction with owners of the Company, recognised directly in equity						
Final dividend 2022/23		-	-	-	-	-
Total transaction with owners of the Company		-	-	-	-	-
Realisation of revaluation surplus	24.1	-	(8,462,438)	-	8,462,438	-
Balance as at 31st March 2023		211,192,425	471,710,685	9,525,222	1,058,566,279	1,750,994,610

Figures in brackets indicate deductions.

The accounting policies and notes on page 143 to 206 form an integral part of these financial statements.

Company		Stated Capital	Revaluation Reserve	FVOCI	Retained Earnings	Total
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2021		211,192,425	460,665,277	6,789,147	828,527,904	1,507,174,753
Total comprehensive income						
Loss for the year		-	-	-	(843,579)	(843,579)
Other comprehensive income						
Re-measurement of defined benefit obligation	26.4	-	-	-	(100,352)	(100,352)
Change of fair value of FVOCI investment	16.2	-	-	1,975,380	-	1,975,380
Surplus on revaluation of land and building	24.1	-	134,160,922	-	-	134,160,922
Related taxes						
Deferred tax on re-measurement on defined benefit obligation	10.4	-	-	-	18,063	18,063
Deferred tax on equity investments at FVOCI - change in fair value	10.4	-	-	(355,568)	-	(355,568)
Impact on deferred tax rate change on revaluation reserve	10.4	-	(24,148,966)	-	-	(24,148,966)
Total other comprehensive income, net of tax	26.6 10.4 16.2	-	110,011,956	1,619,812	(82,289)	111,549,479
Total comprehensive income for the year, net of tax		-	110,011,956	1,619,812	(925,868)	110,705,900
Transaction with owners of the Company, recognised directly in equity						
Final dividend 2021/22		-	-	-	-	-
Total transaction with owners of the Company		-	-	-	-	-
Realisation of revaluation surplus	24.1	-	(5,556,000)	-	5,556,000	-
Balance as at 31st March 2022		211,192,425	565,121,233	8,408,959	833,158,036	1,617,880,653
Adjustment for surcharge tax levied under the surcharge tax act no. 14 of 2022		-	-	-	(50,823,452)	(50,823,452)
Adjusted equity balance as at 1st April 2022		211,192,425	565,121,233	8,408,959	782,334,584	1,567,057,201
Total comprehensive income						
Profit for the year		-	-	-	5,648,140	5,648,140
Other comprehensive income						
Re-measurement of defined benefit obligation	26.4	-	-	-	11,358,446	11,358,446
Change of fair value of FVOCI investment	16.2	-	-	1,594,661	-	1,594,661
Related taxes						
Deferred tax on re-measurement on defined benefit obligation	10.4	-	-	-	(3,407,534)	(3,407,534)
Deferred tax on equity investments at FVOCI - change in fair value	10.4	-	-	(478,398)	-	(478,398)
Impact on deferred tax rate change on revaluation reserve	10.4	-	(84,948,110)	-	-	(84,948,110)
Total other comprehensive (expense)/income, net of tax	26.6 10.4 16.2	-	(84,948,110)	1,116,263	7,950,912	(75,880,935)
Total comprehensive (expense)/income for the year, net of tax		-	(84,948,110)	1,116,263	13,599,052	(70,232,795)
Transaction with owners of the Company, recognised directly in equity						
Final dividend 2022/23		-	-	-	-	-
Total transaction with owners of the Company		-	-	-	-	-
Realisation of revaluation surplus	24.1	-	(8,462,438)	-	8,462,438	-
Balance as at 31st March 2023		211,192,425	471,710,685	9,525,222	804,396,074	1,496,824,405

Figures in brackets indicate deductions.

The accounting policies and notes on page 143 to 206 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

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		GROUP		COMPANY	
For the year ended 31st March		2023	2022	2023	2022
	Note	Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities					
Profit before income tax expense		54,564,909	37,517,167	30,849,212	1,667,495
Adjustments for:					
Depreciation of property, plant and equipment	12	98,696,366	93,693,697	81,478,686	76,778,708
Depreciation of right of use asset	13	18,064,740	15,314,308	-	-
Amortisation of intangible assets	14	4,291,817	4,169,171	2,890,780	2,768,133
Amortisation of lease assets	17	542,189	1,301,249	-	-
Provision for inventories	18	33,088,588	4,363,710	17,456,914	636,706
Interest expense	8.1	257,429,468	59,988,116	198,141,696	44,223,208
Interest income	8.2	(24,378,127)	(5,963,245)	(24,852,909)	(9,317,256)
Unclaimed dividend recognized in other income	31	-	(3,478,368)	-	(3,478,368)
Provision/transfer for employee benefits	26.5	28,849,573	12,338,710	26,420,440	11,215,106
Operating profit before working capital changes		471,149,523	219,244,515	332,384,819	124,493,732
(Increase) in inventories	18	(140,985,410)	(211,150,888)	(110,530,400)	(154,951,698)
Decrease/(Increase) in trade and other receivables	19 & 8.2	258,510,643	(246,443,174)	244,969,825	(205,650,027)
Decrease/(Increase) in due from related parties	20	331,666,621	(566,730,809)	398,010,659	(440,205,197)
(Increase) in prepayments	21	(5,421,016)	(2,743,943)	(3,281,709)	(1,467,395)
(Decrease)/Increase in trade and other payables	27	(1,217,176,691)	716,155,007	(1,083,279,608)	541,675,495
Increase in due to related parties	28	404,561,413	173,612,074	175,525,187	193,482,092
Increase/(decrease) in provisions	29	1,443,121	(11,919,427)	2,964,594	(14,960,675)
Cash generated from/(used in) operations		103,748,204	70,023,355	(43,236,633)	42,416,327
Interest paid	8	(252,820,679)	(59,053,509)	(195,242,531)	(44,272,244)
Employee benefits paid	26.4	(7,854,225)	(14,058,977)	(6,443,476)	(13,778,476)
Income tax paid	30	(65,016,158)	(15,724,442)	(59,033,054)	(6,575,441)
Net cash flows (used in)/generated from operating activities		(221,942,858)	(18,813,573)	(303,955,694)	(22,209,834)
Cash flows from investing activities					
Acquisition of property, plant and equipment, capital work-in progress	12	(18,162,446)	(60,927,637)	(17,396,710)	(16,121,401)
Acquisition of intangible assets	14.1	-	(2,943,500)	-	(2,943,500)
Proceeds from disposal of property, plant and equipment		29,272,935	-	-	-
Interest income received	8.2	24,035,525	5,282,029	24,664,848	8,855,471
Dividend income received	7	-	-	-	12,000,000
Net cash flows generated from/(used in) investing activities		35,146,014	(58,589,108)	7,268,138	1,790,570
Cash flows from financing activities					
Proceeds from short-term borrowings	32.2	3,110,204,000	4,172,137,836	2,090,586,050	2,810,305,813
Repayment of short-term borrowings	32.2	(3,128,901,848)	(3,988,429,822)	(1,990,081,440)	(2,723,381,384)
Proceeds from related company borrowings	32.3	300,000,000	-	300,000,000	-
Repayment of related company borrowings	32.3	(150,000,000)	-	(150,000,000)	-
Payment of finance lease liability	32.4	(10,600,419)	(31,693,192)	-	-
Dividend paid	31	(154,981)	(57,855,929)	(154,981)	(57,855,929)
Net cash flows generated from/(used in) financing activities		120,546,752	94,158,893	250,349,629	29,068,500
Net (decrease) / increase in cash and cash equivalents		(66,250,092)	16,756,212	(46,337,927)	8,649,236
Cash and cash equivalents at the beginning of the year	22	(8,121,368)	(24,877,580)	(9,991,825)	(18,641,061)
Cash and cash equivalents at the end of the year	22	(74,371,460)	(8,121,368)	(56,329,752)	(9,991,825)

Figures in brackets indicate deductions.

The accounting policies and notes on page 143 to 206 form an integral part of these financial statements.

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1 CORPORATE INFORMATION

1.1 Reporting entity

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

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

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

1.2 Consolidated financial statements

The Consolidated Financial Statements of Regnis (Lanka) PLC as at and the year ended 31 March 2023 comprise the Company and its Subsidiary namely Regnis Appliances (Pvt) Limited.

1.2.1 Subsidiary - Regnis Appliances (Private) Ltd

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

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

1.3 Principal activities and nature of operations

The Company

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

Subsidiary

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

1.4 Parent enterprise and ultimate parent enterprise

The Company's Parent undertaking as at 31 March 2023 is Singer (Sri Lanka) PLC. After getting necessary regulatory approval, Singer (Sri Lanka) PLC acquired 58.29% stake in Regnis

(Lanka) PLC on 23 February 2016 from then common parent, Retail Holdings (Sri Lanka) B.V - formally Singer (Sri Lanka) B.V., making Regnis (Lanka) PLC and Regnis Appliances (Private) Ltd. subsidiaries of Singer (Sri Lanka) PLC.

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

On 15 October 2018, Hayleys PLC with parties acting in concert purchased the balance 35,562,883 (9.47% ordinary shares held by Retail Holding (Sri Lanka) BV in Singer (Sri Lanka) PLC at a price of Rs.47/- per share upon Retail Holding (Sri Lanka)

BV exercising their option to sell its shares to Hayleys PLC as previously agreed. After accepting this offer, Hayleys' PLC together with its group Companies hold 90.43% (80.96% previously) of Singer (Sri Lanka) PLC.

1.5 Number of employees

The permanent number of employees of the Group at the end of the year 31 March 2023 was 309 (2022- 324), Company -254 (2022 - 263).

1.6 Responsibility for financial statements & approval of financial statements

The Board of Directors is responsible for preparation and presentation of the financial statements of the Company as per the provision of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The Directors responsibility over financial statements is set out in detail in the Statement of Director's Responsibility. The financial statements for the year ended 31 March 2023 were approved by the Board of Directors at the board meeting held on 11 May 2023.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

Further the tax liability arising from the surcharge tax Act No.14 of 2022 has been accounted as recommended by the Statement of Alternative Treatment (SOAT) issued by the institute of Chartered Accountants of Sri Lanka as disclosed under note 10 on Tax expense..

2.2 Basis of measurement

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

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

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

2.3 Functional and presentation currency

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

2.3.1 Rounding

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

2.4 Use of estimates and judgments

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

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

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

2.4.1 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the period ending 31 March 2023 is included in the following notes:

Note 12.13 - Valuation of Land and Building,

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

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

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

Further details about employee benefit obligation are provided in Note 26 to the Financial Statements.

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

Note 18.2 - Provision for Inventories

Note 29 – Provisions

Note 35 – Contingencies

2.5 Measurement of fair values

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

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

Significant valuation issues are reported to the Group's Audit Committee. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are 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 Group 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 assumption made in measuring fair value is included in Note 12.13 and Note 34.

2.6 Materiality and aggregation

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

2.7 Offsetting

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

2.8 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects of the COVID-19 pandemic on the significant assumptions that are sensitive or susceptible to change or are inconsistent with historical trends. The Group made considerable operational progress despite numerous external challenges, maintaining its market leadership position and building a future-fit product portfolio.

In determining the basis of preparing the financial statements for the year ended 31 March 2023, based on available information, the management has assessed the prevailing uncertain and volatile macroeconomic environment and implications of Covid-19 pandemic and its impact on the Group companies and the appropriateness of the use of the Going concern basis.

The Group is expected to encounter challenges such as the continuous devaluation of the rupee, import restrictions, rise in general inflation, depleting of foreign currency reserves, and shortage of essential supplies, increase in policy rates and the resultant pressure on disposable income level.

Regnis Group will indirectly affect from the challenges that Singer Sri Lanka PLC will encounter from subdued consumer demand and greater credit risk due to the potential loss of income of the customer base.

Towards, mitigating this risk, the Group procured adequate inventory to see through to next few months, adopted strict cost conservation methods, fast track local sourcing and secured funding lines to manage possible liquidity issues. Further, the Group treasury is deeply analysing the foreign exchange market and working closely with relevant financial institutions and the parent company, to overcome dollar liquidity challenges and take timely price revisions to mitigate the exposure of future rupee devaluation.

Based on these proactive analyses and our operating model and financial strength, Group is confident that we are well placed. Group envisages no impact on the Group business continuity and expects to manage the above challenges effectively.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.9 Comparative information

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

In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements

3 CHANGES IN ACCOUNTING POLICIES

A number of new standards are also effective from 1 January 2022 but they do not have a material effect on the Group's financial statements.

The Group has no changes to the significant accounting policies which would require to disclose in this financial statement.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Other significant accounting policies not covered with individual notes.

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

Current versus non-current classification

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

An asset is current when it is:

- ◆ Expected to be realized or intended to be sold or consumed in the normal operating cycle
- ◆ Held primarily for the purpose of trading
- ◆ Expected to be realized within twelve months after the reporting period, or
- ◆ Cash or cash equivalent unless restricted from being exchanged

or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

A liability is current when it is:

- ◆ It is expected to be settled in the normal operating cycle
- ◆ It is held primarily for the purpose of trading
- ◆ It is due to be settled within twelve months after the reporting period, or
- ◆ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Group classifies deferred tax assets and liabilities as non-current assets and liabilities

4.1 Basis of consolidation

Business consolidation

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an Input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted

for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

4.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

4.1.2 Non-controlling Interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

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

Company owns 100% of its Subsidiary Regnis Appliances (Private) Ltd and accordingly there is no non-controlling interest.

4.1.3 Loss of control

When a Company loses control over a Subsidiary, it derecognises the asset and liabilities of subsidiary, and any related Non-Controlling Interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

4.2 Foreign currency

4.2.1 Foreign currency transactions

Transactions in foreign currency are translated to Sri Lanka Rupees at the foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign exchange differences arising on the settlement or reporting of the Group's monetary items at rates different from those which were initially recorded are dealt with in the profit or loss.

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

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

4.3 Financial Instruments

Financial assets recognition and initial measurement

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

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

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

Classification and subsequent measurement of financial assets

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

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

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

- ◆ it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ◆ its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- ◆ A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- ◆ it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ◆ its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets - Business model assessment

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

- ◆ The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- ◆ How the performance of the portfolio is evaluated and reported to the Group's management;
- ◆ The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- ◆ How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- ◆ the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

- ◆ contingent events that would change the amount or timing of cash flows
- ◆ terms that may adjust the contractual coupon rate, including variable rate features
- ◆ prepayment and extension features; and
- ◆ terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Group financial assets classified and measured at amortized cost are limited to its other receivables, short term investments, amounts due from related party and cash & cash equivalent.

The Group's investment in equity Investments are classified as FVOCI.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable

additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition. financial Asset at amortized cost comprises Amount due from related parties, other receivable and cash and cash equivalent.

Financial liabilities

Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held – for – trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial; liabilities comprise retirement benefit obligation, Trade and Other payable, Amount due from related parties and Bank Overdrafts.

Derecognition

Financial assets

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

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities measurement

A financial liability is classified as at Fair Value through Profit or Loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

The Group classifies non derivative financial liabilities in to other financial liability category.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group has the following non-derivative financial liabilities: trade and other payables, bank overdrafts, loans and borrowings and financial guarantees.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Bank overdrafts, if any, which form an integral part of cash management, are included as a component of cash and cash equivalents for the purposes of the Statement of Cash Flows. In the Statement of Financial Position, bank overdrafts are included under liabilities.

4.4 Stated capital

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

4.5 Impairment**Non derivative financial assets****Financial assets**

The Group recognises loss allowances for ECLs on:

- ◆ Financial assets measured at amortised cost;
- ◆ Debt investments measured at amortized cost
- ◆ No impairment loss is recognised on equity investment.

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

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- ◆ The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- ◆ The financial asset is more than 90 days past due.
- ◆ Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.
- ◆ 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
- ◆ The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLS.

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

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

Credit-impaired financial assets

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

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

- ◆ significant financial difficulty of the borrower or issuer;
- ◆ a breach of contract such as a default or being more than 180 days past due;
- ◆ the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- ◆ it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- ◆ the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets.

For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Non-financial assets

The carrying amount of the Group's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash-Generating Unit (CGU). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

4.6 Property, plant and equipment

The Group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

4.6.1 Recognition and measurement

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

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

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

Cost model

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

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Revaluation model

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

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

Decreases in the carrying amount (Revaluation deficit) on revaluation that offset previous increases of the same assets are charged against revaluation reserve directly in equity. All other decreases are recognised in profit or loss.

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

4.6.2 Subsequent expenditure

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

4.6.3 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives are as follows:

Buildings	over 40 years
Machinery and Equipment	over 12 years
Tools, Dies and Gauges	over 10 years
Furniture and Fittings	over 10 years
Motor Vehicles	over 07 years
EDP Equipment	over 05 years
Leasehold Improvement	over leasehold Period/useful life

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

4.6.4 Derecognition

An item of property, plant and equipment is derecognized upon disposal of or when no future economic benefits are expected from its use or disposal. Gain and losses arising on derecognition of the assets are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'other income' in the statement of profit or loss. Gains are not classified as Revenue.

4.7 Intangible assets

4.7.1 Recognition and measurement

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

4.7.2 Subsequent expenditure

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

4.7.3 Amortisation

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

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straightline method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful life of intangible assets with finite life is as follows:

Computer Software (Without Windows & Office Packages)	10 years
Windows and Office Packages	5 years
Leasehold rights	50 years

4.7.4 Derecognition

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

4.8 Leases

Definition of a lease

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the

Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

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

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

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

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

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

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

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

Short term leases and leases of low-value assets

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

4.8.2 Pre-Paid Operating Leases

The non-current and current portion of pre-paid operating lease solely consists of the operating lease paid in advance for the land acquired by the Group from Board of investment (BOI) in Sri Lanka during the year. The Group amortise the lease hold land over the lease period of fifty (50) years, on straight line basis.

Leased assets

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Group's statement of financial position. Investment property held under an operating lease is recognised in the Group's statement of financial position at its fair value.

4.9 Inventories

Inventories are measured at the lower of cost and net realizable value (NRV), after making due allowances for obsolete and slow moving items. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value (NRV) is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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

Raw Materials	At actual cost
Finished Goods and Work-in-Progress	At the cost of direct materials, direct labour and an appropriate proportion of production overheads based on normal operating capacity
Goods-in-Transit	At actual cost
Allowance for Impairment	All inventory items are tested for impairment periodically

4.10 Provisions

A provision is recognised in the Statement of Financial Position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with LKAS 37 – "Provisions, Contingent Liabilities and Contingent Assets".

The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at the date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

4.10.1 Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on the historical warranty data and a weighting of all possible outcomes against their associated probabilities.

4.10.2 Dividend Payables

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

4.11 Employee benefits

4.11.1 Defined contribution plans

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

4.11.2 Defined benefit plans

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

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking in to account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. The liability is not externally funded.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gain or loss on the settlement or defined benefit plan when the settlement occurs.

4.11.3 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

4.12 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 consideration specified in a contract with a customer.

Sale of goods

Revenue is recognised when the goods are delivered to its Customers as the performance obligations will be satisfied on delivery.

Disaggregation of revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group's contracts with customers are similar in nature and revenue from these contracts are not significantly affected by economic factors apart from exports sales. The Group believes objective of this requirement will be met by using one type of category – Product type. (Refer Note 6.2)

4.13 Finance income and finance cost

The Group's finance income and costs include

- ◆ Interest income; from related parties
- ◆ Interest expense; on borrowings & payable to related parties
- ◆ Interest income or expense is recognised using the effective interest method (EIR).
- ◆ Foreign currency gains and losses -Reported on a net basis as either fiancé income or finance cost depending on whether foreign currency movement are in net gain or loss position.

4.14 Dividend income

Dividend income is recognised in profit or loss on the date the entities right to receive dividend is established.

4.15 Other income and expenses

Gains and losses on disposal of property, plant & equipment and other non-current assets including investments are recognised by comparing the net sales proceeds with the carrying amount of the corresponding asset and are recognised net within 'other income' or 'other expenses' in profit or loss.

4.16 Expenditure recognition

Expenses are recognised in Profit and Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the purpose of presentation of statement of profit or loss and other comprehensive income, the Directors are of the opinion that 'function of expenses method' presents fairly the elements of the Group's performance, and hence such presentation method is adopted.

4.17 Tax Expense

Tax expense comprises current and deferred tax. It is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment do not meet the definition of income taxes and therefore accounted for them under LKAS 37 provision contingent liabilities and contingent assets.

4.17.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

4.17.2 Deferred income tax

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

4.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.19 Segmental operation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating results are reviewed regularly by the Group Chief Executive Officer to make decisions regarding resources to be allocated to the segments and to assess its performance and for which discrete finance information is available.

Segment results that are reported to the Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire Property, Plant and Equipment and intangible assets other than goodwill.

Segment information is presented in the respective Notes to the Financial Statements.

4.20 Events after the reporting period

All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

4.21 Statement of cash flows

The Statement of Cash Flows has been prepared using the indirect method.

4.22 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1st April 2022 and earlier application is permitted. However, the group has not early adopted the new or amended standards in preparing these consolidated financial statements.

4.22.1 SLFRS 17 - Insurance contracts

SLFRS 17 is a comprehensive new accounting standard for

insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023.

4.22.2 Amendments to LKAS 1: Classification of liabilities as current or non-current

The amendments in classification of liabilities as current or non-current (Amendments to LKAS 1) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability, income or expenses or the information that entities, disclose about those items.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group do not have significant impact on presentation of liabilities in the statement of financial position from this amendment.

4.22.3 Amendment to LKAS 12 : Deferred tax related to Assets and Liabilities arising from a single transaction

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal

The amendments are effective for annual reporting periods beginning on or after 1 January 2023

4.22.4 Amendments to LKAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- ◆ Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- ◆ Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

4.22.5 Amendments to LKAS 8: Definition of Accounting estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors

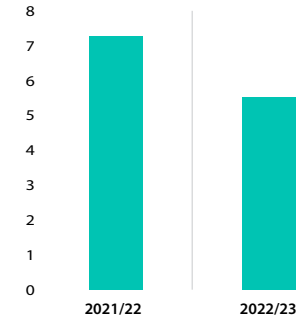
The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

5 REVENUE

Total revenue

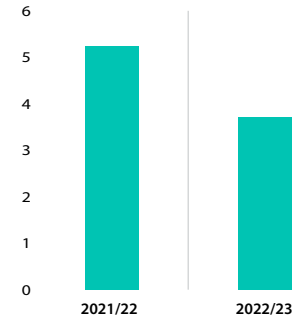
Rs. Bn

GROUP



Rs. Bn

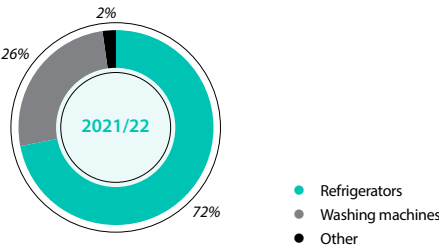
COMPANY



Revenue by segment

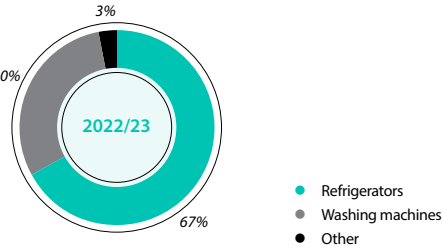
%

2021/22



%

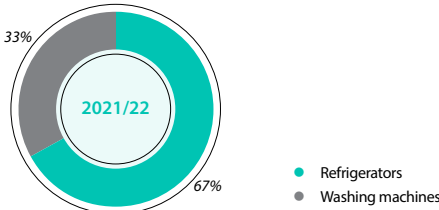
2022/23



Sales volume

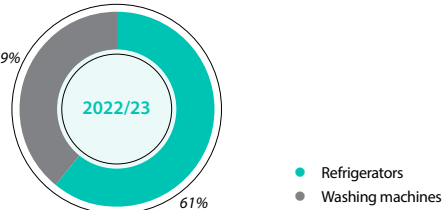
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2021/22



%

2022/23



5 REVENUE STREAMS (CONTD.)

The Group generates revenue primarily from the sale of refrigerators, washing machines and others to its parent company.

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Sale of goods-gross		6,226,476,959	7,883,909,785	4,211,553,674	5,663,825,650
Sales taxes	5.1	(700,007,905)	(611,785,193)	(489,557,447)	(419,542,641)
Sale of goods-net	5.2	5,526,469,054	7,272,124,592	3,721,996,227	5,244,283,009
5.1 Sales taxes					
Value added tax (VAT)		654,219,276	611,785,193	461,976,724	419,542,641
Social security contribution levy (SSCL)		45,788,629	-	27,580,723	-
Total		700,007,905	611,785,193	489,557,447	419,542,641

5.2 Disaggregation of net revenue from contracts with customers

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

		GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Refrigerators		3,721,996,227	5,244,283,009	3,721,996,227	5,244,283,009
Washing machines		1,671,041,782	1,883,916,609	-	-
Others		133,431,045	143,924,974	-	-
Revenue from contract with customers		5,526,469,054	7,272,124,592	3,721,996,227	5,244,283,009

Disaggregated revenue agreeing with the revenue presented in segment analysis.

5.3 Contract balances

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

Receivables which are included in 'amounts due from related parties - Trade'

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Singer (Sri Lanka) PLC	20.1	995,553,999	1,325,781,381	614,433,568	1,003,582,830
Regnis Appliances (Pvt) Ltd	20.1	-	-	-	2,640,645
Singer Industries (Ceylon) PLC	20.1	8,179	1,414,692	-	-
Total		995,562,178	1,327,196,073	614,433,568	1,006,223,475

6 OPERATING SEGMENTS**6.1 Segmental Information - Group**

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

The following summary describes the operations in each of the Group's reportable segments.

Reportable Segments	Operations	Location
Refrigerators	Manufacture of refrigerators and bottle coolers	Regnis (Lanka) PLC
Washing machines	Manufacture and assembly of fully auto and semi auto washing machines	Regnis Appliances (Pvt) Ltd
Other	Production of plastic chairs and plastic components for refrigerators	Regnis Appliances (Pvt) Ltd

Inter-segment revenue includes sale of plastic components of refrigerators manufactured at Regnis Appliances (Pvt) Ltd to Regnis (Lanka) PLC and transfer of raw materials.

6.2 Information about reportable segments

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

		Refrigerators		Washing machines		Other		Total	Total
		2023	2022	2023	2022	2023	2022	2023	2022
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
External revenue		3,721,996,227	5,244,283,009	1,671,041,782	1,883,916,609	133,431,045	143,924,974	5,526,469,054	7,272,124,592
Inter segment revenue		-	-	-	-	270,875,818	375,190,311	270,875,818	375,190,311
Reportable segment revenue	6.3	3,721,996,227	5,244,283,009	1,671,041,782	1,883,916,609	404,306,863	519,115,285	5,797,344,872	7,647,314,903
Reportable segment results from operating activities		301,079,888	284,629,138	46,547,604	50,641,908	11,032,216	12,691,271	358,659,708	347,962,317
Net finance cost	6.4	(270,230,676)	(282,961,643)	(27,266,920)	(21,546,380)	(6,597,203)	(5,937,128)	(304,094,799)	(310,445,151)
Reportable segment profit before tax		30,849,212	1,667,495	19,280,684	29,095,528	4,435,013	6,754,143	54,564,909	37,517,166
Property, plant and equipment		1,142,270,380	1,206,321,861	75,959,460	83,131,512	18,400,119	27,710,506	1,236,629,959	1,317,163,879
Right of use asset		-	-	12,121,228	25,964,218	2,932,719	7,154,469	15,053,947	33,118,687
Leasehold right		-	-	-	46,501,723	-	12,813,601	-	59,315,324
Other segment assets		1,975,766,016	2,803,931,314	856,267,875	432,039,618	135,854,862	219,145,371	2,967,888,753	3,455,116,303
Reportable segment assets		3,118,036,396	4,010,253,175	944,348,563	587,637,071	157,187,700	266,823,947	4,219,572,659	4,864,714,193
Long-term investments		-	-	-	-	-	-	28,874,743	27,280,082
Cash and cash equivalents		-	-	-	-	-	-	5,543,296	10,145,932
Total Assets		-	-	-	-	-	-	4,253,990,698	4,902,140,207
Reportable segment liabilities		996,837,668	1,923,698,449	466,231,740	306,380,518	112,804,296	82,556,509	1,575,873,704	2,312,635,476
Bank overdraft		61,316,746	18,267,300	14,974,858	-	3,623,152	-	79,914,756	18,267,300
Lease liability		-	-	8,631,562	15,554,028	2,088,398	4,285,930	10,719,960	19,839,958
Loans and borrowings		675,202,677	421,798,901	157,995,893	276,969,149	-	-	833,198,570	698,768,050
Dividends payable		-	-	-	-	-	-	3,289,098	3,444,079
Total Liabilities		-	-	-	-	-	-	2,502,996,088	3,052,954,863
Capital expenditure		17,396,710	19,064,901	616,560	35,126,963	149,176	9,679,273	18,162,446	63,871,137
Depreciation and amortisation		84,369,466	79,546,841	29,967,629	26,198,687	7,258,016	8,732,897	121,595,111	114,478,425

6.3 Reconciliation of segmental revenue

	GROUP	
	2023	2022
	Rs.	Rs.
Total reportable segment revenue	5,797,344,872	7,647,314,903
Elimination of inter-segment revenue	(270,875,818)	(375,190,311)
Total revenue	5,526,469,054	7,272,124,592

6.4 Reconciliation of segmental net finance cost

Net finance cost for segments	(304,094,799)	(310,445,150)
Total net finance cost	(304,094,799)	(310,445,150)

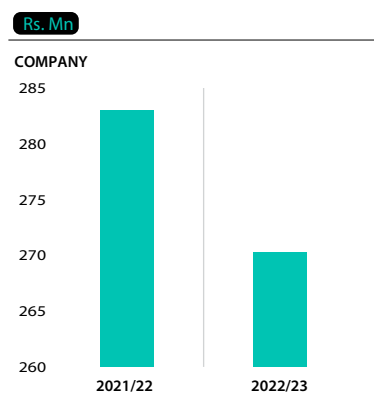
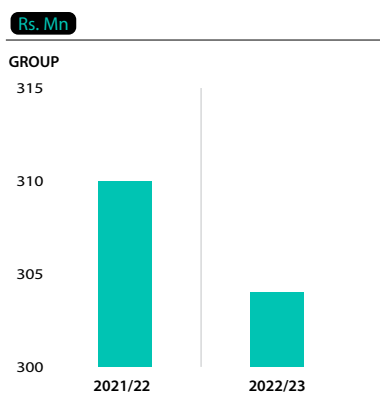
6.5 Segmental information - Company

The Company, Regnis (Lanka) PLC, does not have different segments for the Refrigerators and Bottle Coolers because, they require same technology and market strategies. The segment is managed as one SBU (Strategic Business Unit) and CEO being the chief operating decision maker considers the products manufacture by the Company within Refrigerator segment and make assessment of the performance and make decision about resource allocation as whole.

7 OTHER INCOME

	GROUP		COMPANY	
	2023	2022	2023	2022
Note	Rs.	Rs.	Rs.	Rs.
Miscellaneous income	318,832	8,251,626	318,832	3,858,232
Total	318,832	8,251,626	318,832	3,858,232

8 NET FINANCE COST



8.1 Finance cost

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Interest on short term borrowings		176,954,835	48,789,220	116,740,587	36,346,069
Interest on lease liabilities	13.2	1,480,421	960,504	-	-
Interest expenses on related party payables		78,994,212	10,238,392	81,401,109	7,877,139
Foreign Exchange Losses		96,941,889	256,420,280	96,941,889	248,055,691
		354,371,357	316,408,396	295,083,585	292,278,899

8.2 Finance income

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Interest income on related party receivables	19,935,525	1,182,029	20,564,848	4,755,471
Interest income on corporate guarantee issued to subsidiary	4,100,000	4,100,000	4,100,000	4,100,000
Unwinding interest income on interest free employee loans	342,602	681,217	188,061	461,785
Foreign Exchange Gains	25,898,431	-	-	-
	50,276,558	5,963,246	24,852,909	9,317,256
Net Finance cost*	(304,094,799)	(310,445,150)	(270,230,676)	(282,961,643)

*Finance Cost (Note 8.1) Less Finance Income (Note 8.2)

9 PROFIT BEFORE TAX EXPENSE

Profit before tax expense is stated after charging all expenses including the following:

		GROUP		COMPANY	
		2023	2022	2023	2022
	Note	Rs.	Rs.	Rs.	Rs.
Depreciation on property, plant and equipment	12.2, 12.4	98,696,366	93,693,696	81,448,191	76,778,707
Amortisation of intangible assets	14.1	4,291,817	4,169,170	2,890,780	2,768,133
Amortisation of lease assets	17	542,189	1,301,249	-	-
Depreciation of right of use assets	13.1	18,064,740	15,314,308	-	-
Provision for inventories	18.2	33,088,588	4,363,710	17,456,914	636,706
Personnel cost	9.1	488,035,458	716,992,217	423,786,030	640,593,223
Legal and professional fees		14,936,585	16,092,430	14,936,585	16,092,430
Auditors' remuneration					
- Statutory audit		1,313,000	1,194,000	925,000	841,000
- Audit-related services		1,135,729	530,364	1,135,729	530,364
- Non-audit services		1,196,757	1,021,680	1,196,757	1,021,680
Donations		555,107	503,869	383,526	436,769
Executive directors' emoluments	37.4	14,477,980	11,824,688	14,477,980	11,824,688
Non-executive directors' fees		2,280,000	2,160,000	2,280,000	2,160,000
Selling and distribution expenses	9.2	79,347,941	37,473,953	45,226,271	19,005,356
9.1 Personnel cost					
Salaries		382,322,694	592,711,290	328,888,981	530,984,542
Defined contribution plan- EPF,ETF and MSPS		32,167,195	32,708,627	28,203,349	28,702,303
Bonus		44,695,996	79,233,590	39,870,660	69,691,272
Defined benefit plan cost - recognised in profit or loss	26.4	28,849,573	12,338,710	26,823,040	11,215,106
Total		488,035,458	716,992,217	423,786,030	640,593,223
9.2 Selling and distribution expenses					
Outside transport		15,590,478	19,146,229	9,738,810	13,139,140
Product warranty cost		11,692,263	18,327,724	5,422,261	5,866,216
Advertising - internal		52,065,200	-	30,065,200	-
Total		79,347,941	37,473,953	45,226,271	19,005,356

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Current income tax expense					
Current year	10.2	22,833,088	10,060,931	15,476,214	2,658,442
Under provision in respect of previous years	10.2	77,555	278,705	77,555	196,983
		22,910,643	10,339,636	15,553,769	2,855,425
Deferred tax expense					
Deferred tax recognised in statement of profit or loss	10.3	5,325,031	81,332	9,647,303	(344,351)
		5,325,031	81,332	9,647,303	(344,351)
Tax expense in statement of profit or loss		28,235,674	10,420,968	25,201,072	2,511,074

- 10.1.1** Pursuant to the Inland Revenue (Amendment) Act, No. 45 of 2022 certified on 19th of December, 2022, corporate income tax arising from business income has been increased from 18% to 30% w.e.f. 1st October 2022. As a result of this amendment, 2nd half income tax has been calculated based on a tax rate of 30%.

With regard to the subsidiary Regnis Appliances (Private) Limited, pursuant to agreement entered into with the Board of Investment under section 17 of the Board of Investment Law No. 4 of 1978, the profits from business was liable for the rate at 20% during 2022/23, (18% 2021/22). However, non -business income of the Company is liable at the rate of 1st half 24% and 2nd half 30% in terms of Inland Revenue Act No. 24 of 2017 New amendment.

As Group only operates in Sri Lanka, we have no tax jurisdictions in place out of the country.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax law and prior experience.

- 10.1.2** Deferred taxes of the Company is computed at the rate of 30% (2021/22 - 18%), and its subsidiary Regnis Appliances (Private) Limited computed at 20%, (2021/22 - 18%)

10.1.3 Surcharge tax

Accounting & Auditing Standards Committees (slaasc.lk) As per the Surcharge Tax Act No. 14 of 2022 which was certified on 8 th April 2022, the Company is liable for the surcharge tax of Rs. 50.8 million out of the taxable income of Rs. 202 million pertaining to the year of assessment 2020/21. According to the said Act, the surcharge tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 April 2020. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense is accounted as recommended by the SoAT on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in April 2022.

The impact of the surcharge tax under the Surcharge Tax Act on the comparative year would have been as given below:

	Rs. Mn
Profit after tax for the year ended 31st March 2021	172.3
Surcharge tax levied under Surcharge Tax Act	(50.8)
Comparable profit for the year 2020/2021	121.5

The total Surcharge Tax has been recognised for the group and the company respectively in the financial statements of FY 2022/2023 as an adjustment to the 1 April 2022 retained earnings in the statement of changes in equity as per the addendum to the statement of alternative treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka on 10th August 2022, the Company paid LKR 50 million on account of the surcharge tax liability.

10.2 Reconciliation between accounting profit and the taxable profit

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Profit before tax		54,564,909	37,517,167	30,849,212	1,667,495
Aggregate disallowable expenses		225,968,975	167,755,964	138,545,938	98,752,271
Aggregate tax deductible expenses		(191,535,034)	(168,047,806)	(83,921,436)	(85,650,643)
Other consolidation adjustments (Unrealised Profit)		229,929	1,263,162	-	-
Taxable income - Business		89,228,779	38,488,487	85,473,714	14,769,123
Taxable income - Other		24,986,210	13,054,180	-	-
Total taxable Income		114,214,989	51,542,667	85,473,714	14,769,123
Current income tax @ 30%		3,273,214	-	227,363	-
Current income tax @ 24%		3,560,010	3,133,004	-	-
Current income tax @ 20%		751,013	-	-	-
Current income tax @ 18%		15,248,851	6,927,927	15,248,851	2,658,442
Income tax on current year profits		22,833,088	10,060,931	15,476,214	2,658,442
Under provision in respect of previous years	30.3	77,555	278,705	77,555	196,983
Deferred tax recognised in statement of profit or loss	10.3	5,325,031	81,332	9,647,303	(344,351)
Tax Expense		28,235,674	10,420,968	25,201,072	2,511,074
Effective income tax rate (%)		20	20	18	18

10.3 Deferred tax recognised in statement of profit or loss

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Deferred tax arising due to :					
Origination/(Reversal) of temporary difference during the year recognised in profit or loss	10.3.1	5,325,031	81,332	9,647,303	(344,351)
		5,325,031	81,332	9,647,303	(344,351)
10.3.1					
Recognised in statement of profit or loss due to during the year transactions	25	(19,941,314)	81,332	(15,619,042)	(344,351)
Recognised in statement of profit or loss due to increase/(decrease) in tax rate	25	25,266,345	-	25,266,345	-
Deferred tax expense recorded in Profit or Loss		5,325,031	81,332	9,647,303	(344,351)

10.4 Deferred tax recognised in other comprehensive income

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Recognised in Other Comprehensive Income during the year transactions	10.4.1,10.4.2	4,432,037	24,367,192	3,885,932	24,486,471
Recognised in Other Comprehensive Income due to increase/(decrease) in tax rate	10.4.1,10.4.2	84,948,110	-	84,948,110	-
Deferred tax expense recorded in other comprehensive income		89,380,147	24,367,192	88,834,042	24,486,471

10.4.1 Group

	2023			2022		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Defined benefit plan actuarial gain or (loss)	14,088,970	(3,953,639)	10,135,331	(763,013)	137,342	(625,671)
Deferred tax on investment in equity securities	1,594,660	(478,398)	1,116,262	1,975,380	(355,568)	1,619,812
Impact on deferred tax rate change on revaluation reserve	-	(84,948,110)	(84,948,110)	-	-	-
Revaluation gain on land & building	-	-	-	134,160,922	(24,148,966)	110,011,956
	15,683,630	(89,380,147)	(73,696,517)	135,373,289	(24,367,192)	111,006,097

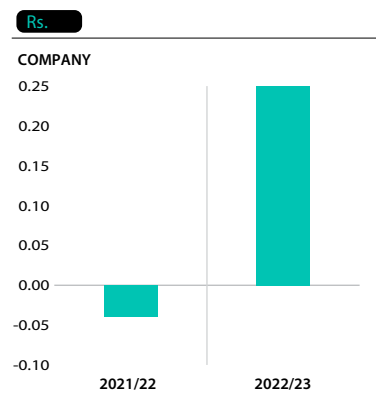
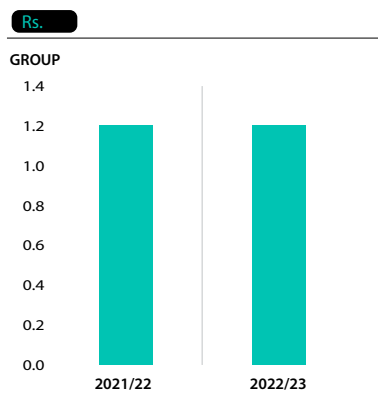
10.4.2 Company

	2023			2022		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Defined benefit plan actuarial gain or (loss)	11,358,446	(3,407,534)	7,950,912	(100,352)	18,063	(82,289)
Deferred tax on Investment in equity securities	1,594,660	(478,398)	1,116,262	1,975,380	(355,568)	1,619,812
Impact on deferred tax rate change on revaluation reserve	-	(84,948,110)	(84,948,110)	-	-	-
Revaluation gain on land & building	-	-	-	134,160,922	(24,148,966)	110,011,956
	12,953,106	(88,834,042)	(75,880,936)	136,035,950	(24,486,471)	111,549,479

10.5 Applicable tax rates

Name of the entity	Taxable income source	Applicable tax rate 1st. half 2022/23	Applicable tax rate 2nd. half 2022/23
Regnis (Lanka) PLC	Income from business	18%	30%
Regnis Appliances (Pvt) Ltd	Income from business	20%	20%
	Income from non business	24%	30%

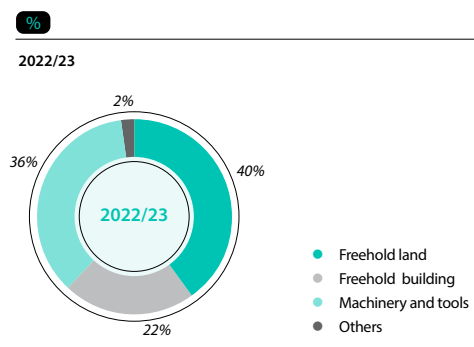
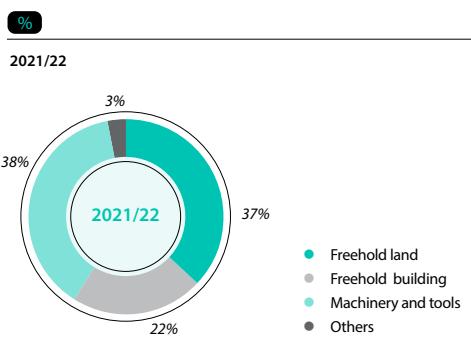
11 EARNINGS PER SHARE (EPS)



	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Profit attributable to ordinary shareholders				
Amounts used as the numerators				
Profit/ (loss) for the year (Rs.)	26,329,235	27,096,199	5,648,140	(843,579)
Profit/ (loss) for the year, attributable to equity holders of the parent (Rs.)	26,329,235	27,096,199	5,648,140	(843,579)
Weighted average number of ordinary shares in issue				
Weighted average number of ordinary shares	22,535,726	22,535,726	22,535,726	22,535,726
Basic/diluted earnings/ (loss) per share (Rs.)	1.17	1.20	0.25	(0.04)

12 PROPERTY, PLANT AND EQUIPMENT

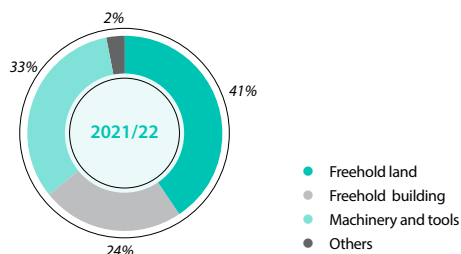
Property, plant and equipment - Carrying Value - Group



Property, plan and equipment - Carrying Value - Company

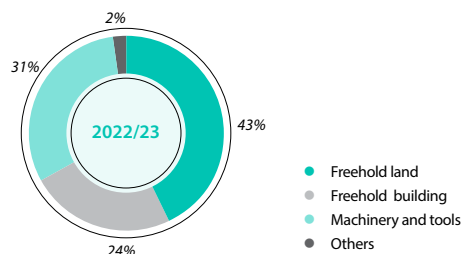
%

2021/22



%

2022/23



12.1 Reconciliation of gross carrying amount of property, plant and equipment - Group

	Freehold land	Freehold buildings	Machinery and equipments	Tools, dies and gauges	Furniture and fittings	EDP equipment	Motor vehicles	Improvement on leasehold premises	Leasehold assets	Capital Work-in-progress	Total
Cost / Revaluation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2021	423,000,000	257,613,919	689,201,522	320,083,333	10,351,907	21,513,089	8,819,601	5,946,295	1,377,866	26,690,290	1,764,597,822
Additions	-	-	42,870,412	14,617,298	1,538,251	5,025,618	-	-	-	8,133,010	72,184,589
Disposals	-	-	-	-	-	(803,508)	-	-	-	-	(803,508)
Transfers	-	(33,480,823)	-	-	-	-	-	-	-	(11,256,952)	(44,737,775)
Surplus on revaluation	69,100,000	65,060,922	-	-	-	-	-	-	-	-	134,160,922
Balance as at 31st March 2022	492,100,000	289,194,018	732,071,934	334,700,631	11,890,158	25,735,199	8,819,601	5,946,295	1,377,866	23,566,348	1,925,402,050
Balance as at 1st April 2022	492,100,000	289,194,018	732,071,934	334,700,631	11,890,158	25,735,199	8,819,601	5,946,295	1,377,866	23,566,348	1,925,402,050
Additions	-	1,514,865	1,371,436	22,882,761	952,092	4,642,021	-	-	-	10,628,302	41,991,477
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	(23,829,031)	(23,829,031)
Balance as at 31st March 2023	492,100,000	290,708,883	733,443,370	357,583,392	12,842,250	30,377,220	8,819,601	5,946,295	1,377,866	10,365,619	1,943,564,496

12.2 Accumulated depreciation and impairment losses - Group

	Freehold land	Freehold buildings	Machinery and equipments	Tools, dies and gauges	Furniture and fittings	EDP equipment	Motor vehicles	Improvement on leasehold premises	Leasehold assets	Total
Cost / Revaluation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2021	-	22,303,378	345,747,280	141,174,806	7,647,841	18,136,449	7,069,002	5,946,295	803,754	548,828,805
Depreciation	-	11,177,445	49,780,742	29,173,340	778,935	2,267,418	400,995	-	114,822	93,693,697
Disposals/ Transfers	-	(33,480,823)	-	-	-	(803,508)	-	-	-	(34,284,331)
Balance as at 31st March 2022	-	-	395,528,022	170,348,146	8,426,776	19,600,359	7,469,997	5,946,295	918,576	608,238,171
Balance as at 1st April 2022	-	-	395,528,022	170,348,146	8,426,776	19,600,359	7,469,997	5,946,295	918,576	608,238,171
Depreciation	-	15,913,991	50,516,385	28,416,220	827,165	2,608,180	299,603	-	114,822	98,696,366
Disposals/ Transfers	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2023	-	15,913,991	446,044,407	198,764,366	9,253,941	22,208,539	7,769,600	5,946,295	1,033,398	706,934,537
Carrying value as at 31st March 2022	492,100,000	289,194,018	336,543,912	164,352,485	3,463,382	6,134,840	1,349,604	-	459,290	1,317,163,879
Carrying value as at 31st March 2023	492,100,000	274,794,892	287,398,963	158,819,026	3,588,309	8,168,681	1,050,001	-	344,468	1,236,629,959

* Capital work-in-progress represent cost incurred on tools and machinery.

12.3 Reconciliation of gross carrying amount of property, plant and equipment - Company

	Freehold land	Freehold buildings	Machinery and equipments	Tools, dies and gauges	Furniture and fittings	EDP equipment	Motor vehicles	Capital Work-in-progress	Total
Cost /Revaluation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2021	423,000,000	257,613,919	556,470,199	259,617,747	9,253,062	17,369,696	8,819,601	25,415,713	1,557,559,937
Additions	-	-	488,333	13,666,311	1,306,235	2,809,887	-	7,833,010	26,103,776
Disposals	-	-	-	-	-	(803,508)	-	-	(803,508)
Transfers	-	(33,480,823)	-	-	-	-	-	(9,982,375)	(43,463,198)
Surplus on revaluation	69,100,000	65,060,922	-	-	-	-	-	-	134,160,922
Balance as at 31st March 2022	492,100,000	289,194,018	556,958,532	273,284,058	10,559,297	19,376,075	8,819,601	23,266,348	1,673,557,929
Balance as at 1st April 2022	492,100,000	289,194,018	556,958,532	273,284,058	10,559,297	19,376,075	8,819,601	23,266,348	1,673,557,929
Additions	-	1,514,865	743,800	22,882,761	513,992	4,642,021	-	10,628,302	40,925,741
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	(23,529,031)	(23,529,031)
Balance as at 31st March 2023	492,100,000	290,708,883	557,702,332	296,166,819	11,073,289	24,018,096	8,819,601	10,365,619	1,690,954,639

12.4 Accumulated depreciation and impairment losses - Company

	Freehold land	Freehold buildings	Machinery and equipments	Tools, dies and gauges	Furniture and fittings	EDP equipment	Motor vehicles	Total
Cost /Revaluation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2021	-	22,303,378	252,839,353	120,410,695	6,940,048	15,179,213	7,069,004	424,741,691
Depreciation	-	11,177,445	39,852,936	23,272,487	690,445	1,384,400	400,995	76,778,708
Disposals/ Transfers	-	(33,480,823)	-	-	-	(803,508)	-	(34,284,331)
Balance as at 31st March 2022	-	-	292,692,289	143,683,182	7,630,493	15,760,105	7,469,999	467,236,068
Balance as at 1st April 2022	-	-	292,692,289	143,683,182	7,630,493	15,760,105	7,469,999	467,236,068
Depreciation	-	15,913,991	39,923,064	22,786,889	712,924	1,811,720	299,603	81,448,191
Disposals/ Transfers	-	-	-	-	-	-	-	-
Balance as at 31st March 2023	-	15,913,991	332,615,353	166,470,071	8,343,417	17,571,825	7,769,602	548,684,259
Carrying value as at 31st March 2022	492,100,000	289,194,018	264,266,243	129,600,876	2,928,804	3,615,970	1,349,602	1,206,321,861
Carrying value as at 31st March 2023	492,100,000	274,794,892	225,086,979	129,696,748	2,729,872	6,446,271	1,049,999	1,142,270,380

* Capital work-in-progress represent cost incurred on tools and machinery.

12.5 Group or the Company has not pledged any property plant and equipment as security for the loans obtained during the year.

12.6 The Group and the Company had not capitalized borrowing costs related to the acquisition of property, plant and equipment during the year 2022/23 (2021/22 – Nil).

12.7 There is no permanent fall in value of property, plant and equipment which requires a provision for impairment.

- 12.8** The carrying value of the revalued assets that would have been included in the financial statements had the assets been carried at cost would be as follows :

	Cost	Accumulated depreciation	Carrying amount
As at 31 March	2023	2023	2023
	Rs.	Rs.	Rs.
Land	11,742,796	-	11,742,796
Building	111,983,241	(53,167,925)	58,815,316
Total carrying amount	123,726,037	(53,167,925)	70,558,112

- 12.9** During the year, Group and the Company acquired property, plant and equipment amounting to Rs. 31,363,175/- (2021-22 -Rs. 64,051,579/-) and Rs.30,297,439/- (2021-22 - Rs.18,270,766/-) respectively.

Group and the Company made cash payments of Rs. 18,162,446/- (2021-22 - Rs.60,927,637/-) and Rs. 17,396,710/- (2021-22 - Rs.16,121,430/-) respectively during the year for the purchase of property, plant and equipment.

- 12.10** The amount of the Property, plant and equipment includes fully-depreciated assets value would be as follows:

	GROUP		COMPANY	
As at 31 March	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Fully depreciated asset	201,922,963	152,761,920	179,079,040	129,917,997

- 12.11** Lands and buildings were revalued on 31st March 2022 by chartered valuation surveyor Mr. Kalugalagedera, an Independent valuer, who is a corporate and registered valuer in Sri Lanka. He is a fellow member of the Royal Institution of Chartered Surveyors of UK and a Fellow Member of the Institute of Valuers of Sri Lanka. Further, he is a member of Institute of Revenues, Rating and Valuations of UK. The results of such revaluation were incorporated in these financial statements from its effective date which is 31st March 2022. Such assets were valued on direct capital comparison method. The surplus arising from the revaluation was transferred to a revaluation reserve.

12.12 Property, plant and equipment at fair value

Reconciliation of carrying amount - Land and building

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	781,294,018	658,310,541	781,294,018	658,310,541
Additions	1,514,865	-	1,514,865	-
Change in fair value	-	134,160,922	-	134,160,922
Depreciation	(15,913,991)	(11,177,445)	(15,913,991)	(11,177,445)
Balance as at 31st March	766,894,892	781,294,018	766,894,892	781,294,018

12.13 Measurement of fair value

(a) Fair value hierarchy

The fair value of property was determined by external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of properties has been categorised as level 3 fair value based on the input to the valuation technique used.

(b) Valuation techniques and significant unobservable inputs

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

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Direct capital comparison method	Market value of land (Price per Perch - Rs. 700,000).	The estimated fair value would increase (decrease) if –
The Direct Comparison Approach is based on the premise of the "Principle of Substitution". Valuer assess that a rational investor or purchaser will pay no more for the building than the cost of acquiring another similar Building with the same utilities.	<ul style="list-style-type: none"> Valuer has used range of prices for respective lands based on their recently transacted cost. Construction cost per Square feet of a building (Rs. 10,000 - Rs. 15,000). Depreciation rate for the usage of assets. (6.67%, 4.17%, 5.8%, 4.55% & 3.23%)." 	<ul style="list-style-type: none"> Market value per perch was higher (lower) Cost per square feet was higher (lower) Depreciation rate for usage lower (higher)
Land value is based on the market prices of each land respectively. Value of property is considered as summation of land and building value.		

Location	Extent	Market Value as at 31st March 2022	Per Perch Value	Increase +10%	Decrease -10%
		Rs.	Rs.	Rs.	Rs.
Land					
No.52, Ferry Road , Off Borupona Road, Ratmalana.	4A-1R-25P	492,100,000	700,000	49,210,000	(49,210,000)
Building					
No.52, Ferry Road , Off Borupona Road, Ratmalana.	16 Number of buildings 122,880 Squire feet	289,193,000	-	28,919,300	(28,919,300)

13 RIGHT OF USE ASSETS

Information about leases for which the Group is a lessee is presented below.

Nature of the leasing activities

The Regnis Appliances (Pvt) Ltd has lease contract for its factory premises made for two years of lease term and have extension options.

13.1 Reconciliation of carrying amounts

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Cost				
Balance as at 1st April	65,657,922	65,657,922	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Balance as at 31st March	65,657,922	65,657,922	-	-
Accumulated depreciation				
Balance as at 1st April	32,539,235	17,224,927	-	-
Charge for the Year	18,064,740	15,314,308	-	-
Balance as at 31st March	50,603,975	32,539,235	-	-
Carrying amount				
Balance at the beginning of the year	33,118,687	48,432,995	-	-
Balance at the end of the year	15,053,947	33,118,687	-	-

13.2 The following are the amounts recognised in the profit or loss:

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Interest expense on lease liabilities - Finance cost	1,480,421	960,504	-	-
Depreciation of right-of-use assets - Cost of sales	18,064,740	15,314,308	-	-
Total	19,545,161	16,274,812	-	-

13.3 The followings provide information on the group's variable lease payments, including the magnitude in relation to fixed payments :

		GROUP		COMPANY	
		2023	2022	2023	2022
	Note	Rs.	Rs.	Rs.	Rs.
Total cash out flow for leases	32.4	10,600,419	31,693,192	-	-
Total		10,600,419	31,693,192	-	-

The Group has classified the principal portion of lease payments within financing activities and the interest portion within operating activities. During the period the Group has not received cash from leases as the Group is the lessee.

Impairment of ROU assets

As at the reporting date, no impairment loss has been recognized by the Group in respect of impairment of right of use assets.

Lease liabilities and related disclosures

The information relating to the movement of lease liabilities, maturity analysis and other disclosures relating to lease liabilities are provided in Note 32.4 respectively.

14 INTANGIBLE ASSETS

Intangible asset	Estimated useful life	Residual value	Amortisation method
ERP System	10 Years	Nil	Straight-line basis over the estimated useful life of the ERP system, from the date that it is available for use
Computer Packages	10 Years	Nil	Straight-line basis over the estimated useful life of the software, from the date that it is available for use

14.1 Software

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Cost				
Balance at the beginning of the year	43,863,187	40,919,687	28,907,809	25,964,309
Acquired during the year	-	2,943,500	-	2,943,500
Balance at the end of the year	43,863,187	43,863,187	28,907,809	28,907,809
Amortisation				
Balance at the beginning of the year	7,729,148	3,559,978	5,118,022	2,349,889
Amortisation charge for the year	4,291,817	4,169,170	2,890,780	2,768,133
Balance at the end of the year	12,020,965	7,729,148	8,008,802	5,118,022
Carrying amount				
Balance at the beginning of the year	36,134,039	37,359,709	23,789,787	23,614,420
Balance at the end of the year	31,842,222	36,134,039	20,899,007	23,789,787

- 14.2** During the year, Group and the Company acquired Intangible asset amounting to Rs. Nil (2021-22 - Rs. 2,943,500/-) and Rs. Nil (2021-22 - Rs. 2,943,500/-) respectively.

Group and the Company made cash payments of Rs. Nil (2021-22 - Rs. 2,943,500/-) and Rs. Nil (2021-22 - Rs. 2,943,500/-) respectively during the year for the purchase of Intangible asset.

15 INVESTMENT IN SUBSIDIARY

Non-Quoted	Country of incorporation	Holding as at 31.03.2023	No. of shares 31.03.2023	Carrying Amount	
				2023	2022
		%		Rs.	Rs.
Regnis Appliances (Pvt) Ltd	Sri Lanka	100	15,000,000	150,000,000	150,000,000
Carrying amount as at the end of the year		100	15,000,000	150,000,000	150,000,000

16 INVESTMENT IN EQUITY SECURITIES

Equity investments at fair value through other comprehensive income (FVOCI)

16.1 Reality (Lanka) Limited

Non-Quoted	Holding 31.03.2023	Holding 31.03.2022	Carrying value 31.03.2023	Change in fair value	Carrying value 31.03.2022
	%	%	Rs.	Rs.	Rs.
Total gross carrying amount of investments in equity accounted investees	9.9	9.9	28,874,743	1,594,661	27,280,082

16.2 Non-Quoted - Related Entities - Group/Company

	Carrying Amount 2023	Carrying Amount 2022
	Rs.	Rs.
Movements of FVOCI investment during the year		
Balance as at beginning of the year	27,280,082	25,304,702
Change in fair value of FVOCI investment	1,594,661	1,975,380
Total carrying amount of investment	28,874,743	27,280,082

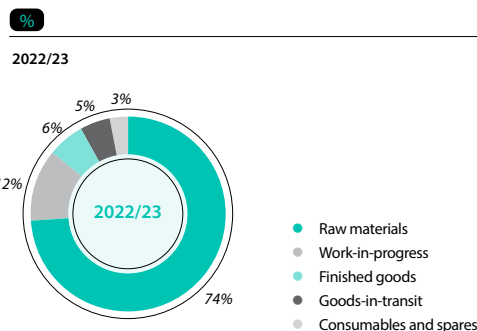
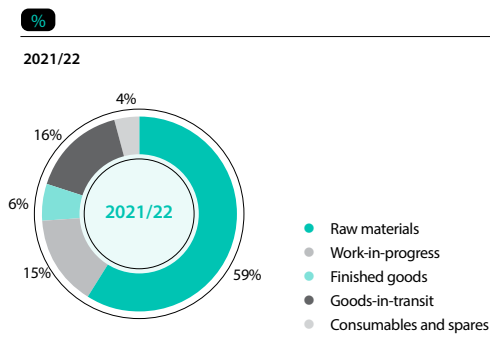
The Group designated the investment shown above as equity securities at FVOCI. Because these equity securities represent investment that group intends to hold for the long term for strategic purposes. No strategic investments were disposed during 2022/23, and there were no transfers of any cumulative gains or losses within equity relating to these investment.

17 PRE-PAID OPERATING LEASES - LEASEHOLD RIGHT

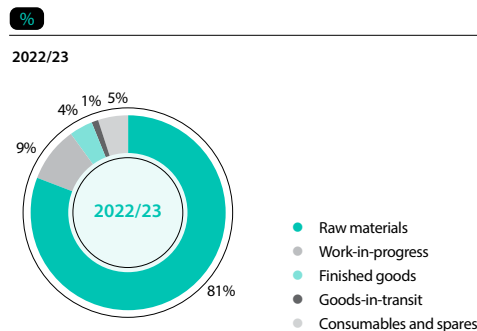
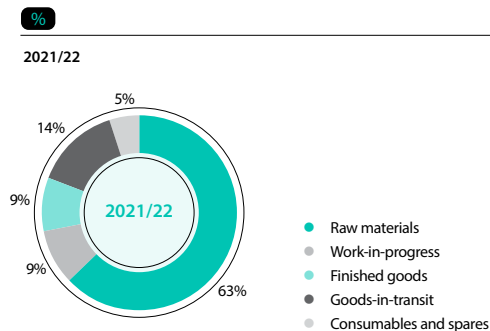
	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Balance at beginning of the year	59,315,324	60,616,573	-	-
Amortisation	(542,189)	(1,301,249)	-	-
Disposal	(58,773,135)			
Balance at end of the year	-	59,315,324	-	-

18 INVENTORIES

GROUP



COMPANY



18.1 Summary of Inventories

		GROUP		COMPANY	
		2023	2022	2023	2022
	Note	Rs.	Rs.	Rs.	Rs.
Raw materials	at cost	1,425,410,792	1,057,067,827	1,097,444,716	780,732,515
Work-in-progress	at cost	228,348,061	262,238,291	122,943,687	115,329,119
Finished goods	at cost	109,856,407	113,783,914	55,922,167	105,696,386
Goods-in-transit	at cost	97,175,645	291,888,107	6,473,930	175,668,723
Consumables and spares		69,617,105	64,444,462	69,617,105	64,444,462
		1,930,408,010	1,789,422,601	1,352,401,605	1,241,871,205
Less: Provision on inventories	18.2	(101,105,688)	(68,017,100)	(63,210,938)	(45,754,024)
Total inventories		1,829,302,322	1,721,405,501	1,289,190,667	1,196,117,181

Raw materials, consumables and changes in work-in-progress and finished goods recognised as cost of sales by the Group and Company amounted to Rs. - 4,241,835,478/- (2021-22-Rs. 5,836,543,121/-) and Rs. 2,702,208,790/- (2021-22-Rs.4,068,966,141/-) respectively.

18.2 Provision on Inventory

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Balance at beginning of the year	68,017,100	63,653,390	45,754,024	45,117,318
Charge for the year	33,088,588	4,363,710	17,456,914	636,706
Utilised during the year	-	-	-	-
Balance at end of the year	101,105,688	68,017,100	63,210,938	45,754,024

18.3 There were no inventories pledged as securities for bank facilities obtained by the Group/Company as at 31st March 2023.

19 TRADE AND OTHER RECEIVABLES

		GROUP		COMPANY	
		2023	2022	2023	2022
	Note	Rs.	Rs.	Rs.	Rs.

19.1 Non-Current

Operating lease deposits	19.4	-	4,733,438	-	-
Loans to Company employees	19.3	227,264	1,642,072	227,264	1,075,810
		227,264	6,375,510	227,264	1,075,810

19.2 Current

Advances and trade and other receivables		82,971,515	333,172,258	39,044,724	280,800,198
Other taxes recoverable	19.5	3,520,692	3,520,692	-	-
Loans to company employees	19.3	2,227,568	1,761,488	840,813	763,920
		88,719,775	338,454,438	39,885,537	281,564,118
Total		88,947,039	344,829,948	40,112,801	282,639,928

		GROUP		COMPANY	
		2023	2022	2023	2022
	Note	Rs.	Rs.	Rs.	Rs.

19.3 Loans to Company employees

Summary					
Balance at the beginning of the year		3,403,560	7,023,178	1,839,730	5,394,351
Loans granted during the year		862,500	705,000	-	-
Unwinding of interest		342,602	681,216	188,061	461,785
Less: Recoveries		(2,153,830)	(5,005,834)	(959,714)	(4,016,406)
Balance at the end of the year		2,454,832	3,403,560	1,068,077	1,839,730
Current/Non-current distinction					
Amount receivable within one year		2,227,568	1,761,488	840,813	763,920
Amount receivable after one year		227,264	1,642,072	227,264	1,075,810
		2,454,832	3,403,560	1,068,077	1,839,730

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
19.4 Operating lease deposits					
Summary					
Balance at the beginning of the year		-	-	-	-
Deposits during the year		-	4,733,438	-	-
Balance at the end of the year		-	4,733,438	-	-
Current/Non-current distinction					
Amount receivable within one year		-	-	-	-
Amount receivable after one year		-	4,733,438	-	-
		-	4,733,438	-	-
19.5 Other taxes recoverable					
Value added tax (VAT)		3,520,692	3,520,692	-	-
		3,520,692	3,520,692	-	-

20 AMOUNTS DUE FROM RELATED PARTIES

	Relationship	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
20.1 Amounts due from Related Parties - Trade					
Singer (Sri Lanka) PLC	Intermediate parent	995,553,999	1,325,781,381	614,433,568	1,003,582,830
Regnis Appliances (Pvt) Ltd	Subsidiary	-	-	-	2,640,645
Singer Industries (Ceylon) PLC	Related Entity	8,179	1,414,692	-	-
		995,562,178	1,327,196,073	614,433,568	1,006,223,475
20.2 Amounts due from Related Parties - Non Trade					
Regnis Appliances (Pvt) Ltd	Subsidiary	-	-	-	6,188,026
Singer Industries (Ceylon) PLC	Related Entity	791,171	823,897	791,171	823,897
		791,171	823,897	791,171	7,011,923
Total		996,353,349	1,328,019,970	615,224,739	1,013,235,398

Group exposure to credit risks relating to trade and other receivables are disclosed in note 34.1 to the financial statements.

21 PREPAYMENTS

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Pre-paid rent	1,684,692	1,531,538	-	-
Pre-paid employee benefit	350,429	768,874	260,001	497,590
Other prepayments	19,408,700	13,722,393	14,764,266	11,244,968
Total	21,443,821	16,022,805	15,024,267	11,742,558

22 CASH AND CASH EQUIVALENTS**Components of cash and cash equivalents**

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
22.1 Favourable cash and cash equivalent balances					
Cash at bank		5,393,296	9,995,932	4,886,994	8,175,475
Cash in hand		150,000	150,000	100,000	100,000
Cash and cash equivalents		5,543,296	10,145,932	4,986,994	8,275,475
22.2 Unfavourable cash and cash equivalent balances					
Bank overdraft *	22.2.1	(79,914,756)	(18,267,300)	(61,316,746)	(18,267,300)
Total cash and cash equivalents for the purpose of cash flow statement		(74,371,460)	(8,121,368)	(56,329,752)	(9,991,825)

		GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
22.2.1 Bank/Institution					
Commercial Bank		8,288,227	18,232,066	8,288,227	18,232,066
National Development Bank		-	35,234	-	35,234
Hatten National Bank		32,093,979	-	29,020,147	-
Sampath Bank		39,532,550	-	24,008,372	-
		79,914,756	18,267,300	61,316,746	18,267,300

* All the overdraft interest rates are linked to AWPLR.

23 STATED CAPITAL**23.1 Number of shares - Ordinary shares**

	At the beginning of the year 01.04.2022	Issued for cash during the year	Issued for non-cash consideration (share subdivision)	At the end of the year 31.03.2023
Ordinary shares - Numbers	22,535,726	-	-	22,535,726
	22,535,726	-	-	22,535,726
Ordinary shares - Value (Rs.)	211,192,425	-	-	211,192,425
	211,192,425	-	-	211,192,425

The holders of ordinary shares are entitled to receive dividend as declared from time to time are entitled to one vote per share at a meeting of the Company.

23.2 Shares held by Group Companies

The shares of the Company held by the Group Companies as at 31 March are as follows:

	COMPANY			
	2023		2022	
	Number	%	Number	%
Singer (Sri Lanka) PLC	13,137,154	58.29	13,137,154	58.29
	13,137,154		13,137,154	

24 RESERVES**24.1 Revaluation Reserve**

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.

The movement of revaluation reserve as follows:

Balance at the beginning of the year	565,121,233	460,665,277	565,121,233	460,665,277
Surplus from revaluation of land and building	-	134,160,922	-	134,160,922
Deferred tax effect on surplus on revaluation	-	(24,148,966)	-	(24,148,966)
Impact of deferred tax rate change on revaluation reserve	(84,948,110)	-	(84,948,110)	-
Realisation of revaluation surplus	(8,462,438)	(5,556,000)	(8,462,438)	(5,556,000)
Balance at the end of the year	471,710,685	565,121,233	471,710,685	565,121,233

The revaluation reserve relates to freehold land and buildings as at the date of revaluation.

24.2 Fair value through other comprehensive income

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	8,408,959	6,789,147	8,408,959	6,789,147
Surplus during the year	1,116,262	1,619,812	1,116,262	1,619,812
Balance at the end of the year	9,525,221	8,408,959	9,525,221	8,408,959
Total reserves	481,235,906	573,530,192	481,235,906	573,530,192

With the adoption of SLFRS 09 the Group and Company has classified its available for sales financial assets to fair value through other comprehensive income (FVOCI) category.

25 DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	171,139,203	146,690,679	165,321,683	141,179,563
Origination/(reversal) of temporary difference:				
Deferred tax recognised in statement of profit or loss				
Recognised in statement of profit or loss due to during the year transactions	(19,941,314)	81,332	(15,619,042)	(344,351)
Recognised in statement of profit or loss due to increase in tax rate	25,266,345	-	25,266,345	-
Amount (originating)/reversal during the year-recognised in statement of other comprehensive income :				
Deferred tax on re-measurement (losses)/gain on defined benefit obligation	3,953,639	(137,342)	3,407,534	(18,063)
Deferred tax on equity investments at FVOCI – change in fair value	478,398	355,568	478,398	355,568
Impact on deferred tax rate change on revaluation reserve	84,948,110	-	84,948,110	-
Deferred tax effect on surplus on revaluation	-	24,148,966	-	24,148,966
Balance at the end of the year	265,844,381	171,139,203	263,803,028	165,321,683

25.1 Refer the note 10.1.2 for the applicable tax rates in computing deferred tax assets/liabilities.**25.2 Net deferred tax liabilities**

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Deferred tax assets	73,891,280	43,130,142	59,379,497	30,659,588
Deferred tax liabilities	339,735,662	214,269,346	323,182,525	195,981,271
Net deferred tax liabilities	265,844,382	171,139,204	263,803,028	165,321,683

25.2.1 Composition of net deferred tax liabilities - Group

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	-	191,681,821	-	121,488,154
Revaluation of land	-	144,107,100	-	86,464,260
Fair value change of FVOCI investment	-	478,398	-	355,568
Right of use asset	-	3,010,789	-	5,961,364
Employee benefits obligation	44,886,892	-	26,114,889	-
Provision for bonus	883,480	-	782,365	-
Provision for warranty	2,485,684	457,554	8,928,873	-
Provision for inventory	23,491,232	-	3,732,822	-
Lease liability	2,143,992	-	3,571,193	-
	73,891,280	339,735,662	43,130,142	214,269,346
Net deferred tax liabilities	-	265,844,382	-	171,139,204

25.2.2 Composition of net deferred tax liabilities - Company

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	-	178,139,473	-	109,161,443
Revaluation of land	-	144,107,100	-	86,464,260
Fair value change of FVOCI investment	-	478,398	-	355,568
Employee benefits obligation	43,467,215	-	24,528,995	-
Provision for warranty	-	457,554	6,405,125	-
Provision for inventory	15,912,282	-	(274,532)	-
	59,379,497	323,182,525	30,659,588	195,981,271
Net deferred tax liabilities	-	263,803,028	-	165,321,683

26 EMPLOYEE BENEFITS

26.1 Defined Contribution Plans

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Employees' Provident Fund (EPF)				
Employer's contribution (12%)	18,566,798	18,265,859	16,097,721	15,762,800
Employees' contribution (8%)	12,377,865	12,177,239	10,731,814	10,508,533
Mercantile Services Provident Society (MSPS)				
Employer's contribution (12%)	7,174,158	7,901,042	6,464,958	7,199,042
Employees' contribution (12%)	7,174,158	7,901,042	6,464,958	7,199,042
Employees' Trust Fund (ETF)				
Employees' Trust Fund (ETF) (3%)	6,435,239	6,541,726	5,640,670	5,740,461

26.2 Defined Benefit Plans - Gratuity

The Group and the Company maintain a non-contributory defined benefit plans providing for gratuity benefits payable to employees who will get eligible upon their retirement and resignation.

Valuation of employee benefit obligation

As at 31st March 2023, 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, A associate of the Institute and Faculty of Actuaries, UK.

26.3 Actuarial assumptions

Actuarial assumptions	Criteria	Description
Demographic assumptions	Mortality - In service	A1967/70 Mortality table issued by the Institute of Actuaries, London (ultimate mortality table)
	Staff withdrawal rate	The staff turnover rate at an age represents the probability of an employee leaving within one year of that age due to reasons other than death, ill health and normal retirement. The withdrawal rate of Regnis (Lanka) PLC 4% (2022 4%), Regnis Appliances (Pvt) Ltd 3% (2022 3%)
	Normal retirement age	The employees who are aged over the specified retirement age have been assumed to retire on their respective next birthdays. Management staff -60 years (2022 60 yrs.) / Non-management staff 55 - 60 years (2022 55 yrs.)
Financial assumptions	Rate of discount	As per the guidelines issued by the Institute of
		Chartered Accountants of Sri Lanka, the discount
		rates have been adjusted to convert the coupon bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing Employee benefit obligations as per LKAS 19.
		The rate of discount taken for 2022/23 18% p.a (2021/22 15% p.a).
	Salary escalation Rates	A salary increment of 16% p.a. (2021/22 – 13.5% p.a.) has been used in respect of the active employees.

	Regnis (Lanka) PLC (Years)	Regnis Appliances (Years)

As at 31st March 2023 average past service and future working life time of an employee :

Non executive staff

AVG past service of an employee	18.6	9.1
AVG future working life time of an employee	11.1	15.4

Executives

AVG past service of an employee	15.4	9.5
AVG future working life time of an employee	9.3	17.8

26.4 Movement in the present value of employee benefits

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Present value of unfunded gratuity		151,989,099	145,082,721	144,890,716	136,272,198
Total present value of the obligation		151,989,099	145,082,721	144,890,716	136,272,198
Provision for employee benefits movement in the present value of employee benefits					
Balance at the beginning of the year		145,082,721	146,039,975	136,272,198	138,735,216
Past service costs		-	(6,200,883)	-	(5,869,882)
Current service costs		7,676,232	7,418,754	6,895,666	6,537,310
Interest costs		21,173,341	11,120,839	19,927,374	10,547,678
Adjustment due to transfer of employees		-	-	(402,600)	-
Actuarial (gain)/loss on obligation	26.6	(14,088,970)	763,013	(11,358,446)	100,352
Benefits paid during the year		(7,854,225)	(14,058,977)	(6,443,476)	(13,778,476)
Balance at the end of the year		151,989,099	145,082,721	144,890,716	136,272,198

26.5 Expenses recognised in income statement

		GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Interest cost		21,173,341	11,120,839	19,927,374	10,547,678
Current service cost		7,676,232	7,418,754	6,895,666	6,537,310
Past service cost		-	(6,200,883)	-	(5,869,882)
Adjustment due to transfer of employees		-	-	(402,600)	-
Total expenses recognised in income statement		28,849,573	12,338,710	26,420,440	11,215,106

During 2021/22, the pension arrangement was adjusted to reflect new legal requirements as per minimum retirement age of Workers Act number 28 of 2021. As a result of the plan amendment, the Group/Company defined benefit obligation decrease by Rs. 6,200,883 & Rs. 5,869,882 respectively. A corresponding past service credit was recognised in profit & loss during 2021/22.

		GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.

26.6 Actuarial (gains)/losses recognised in statement of profit or loss and other comprehensive income

Actuarial (gains)/losses due to changes in assumptions	(3,214,936)	(788,389)	(2,897,928)	(558,879)
Actuarial (gains)/losses due to changes in experience	(10,874,034)	1,551,402	(8,460,518)	659,231
Total actuarial (gains)/losses	(14,088,970)	763,013	(11,358,446)	100,352

26.7 Maturity analysis of the payments

Within next 12 months	10,128,606	9,471,268	9,857,286	9,140,685
Between 1 to 5 years	64,419,556	53,373,410	63,015,325	51,901,339
Between 5 to 10 years	46,264,244	49,215,914	44,407,684	47,485,893
Beyond 10 years	31,176,693	33,022,129	27,610,421	27,744,281
Total	151,989,099	145,082,721	144,890,716	136,272,198

The required accounting provision of the Group as at 31 March 2023 has been determined based on the recommendation of this report.

26.8 Sensitivity of assumptions used

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

	Effect			
	2023		2022	
	Group	Company	Group	Company
	Rs.	Rs.	Rs.	Rs.
(a) Discount rate				
Increase by one percentage point - (Decrease)	(9,474,258)	(8,525,523)	(9,636,917)	(8,688,182)
Decrease by one percentage point - Increase	10,583,697	9,458,047	10,831,592	9,705,942
(b) Salary increment rate				
Increase by one percentage point - Increase	11,284,111	10,118,156	11,471,135	10,305,180
Decrease by one percentage point - (Decrease)	(10,238,303)	(9,242,644)	(10,348,719)	(9,353,060)

27 TRADE AND OTHER PAYABLES

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Trade payables		383,476,620	1,577,959,414	88,137,490	1,145,478,689
Sundry creditors and accrued expenses	27.1	57,861,428	103,026,156	39,771,459	50,990,661
Value added tax and other tax payable		29,513,944	36,543,313	15,515,979	30,235,186
Total trade and other payable		470,851,992	1,717,528,883	143,424,928	1,226,704,536
27.1 Sundry creditors and accrued expenses					
Sundry creditors		5,582,578	1,675,884	5,328,208	1,114,620
Accrued expenses		52,278,850	101,350,272	34,443,251	49,876,041
Total		57,861,428	103,026,156	39,771,459	50,990,661

28 AMOUNTS DUE TO RELATED PARTIES

		GROUP		COMPANY	
		2023	2022	2023	2022
Relationship		Rs.	Rs.	Rs.	Rs.
28.1 Amounts due to Related Parties - Trade					
Singer (Sri Lanka) PLC	Intermediate parent	449,805,982	-	292,698,852	-
Regnis Appliances (Pvt) Ltd	Subsidiary	-	-	71,318,281	201,763,523
Singer Industries (Ceylon) PLC	Related entity	12,595,436	39,092,730	215,114	508,588
Advantis Freight (Pvt) Ltd	Related entity	-	10,115,895	-	3,702,881
CEVA Logistics Lanka (Pvt) Ltd	Related entity	-	172,467	-	172,467
Mountain Hawk Express (Pvt) Ltd	Related entity	91,713	15,357	91,713	15,357
Puritas Ltd	Related entity	-	150,001	-	150,001
Uni Dil Packing (Pvt) Ltd	Related entity	9,320,125	11,828,135	5,544,604	8,376,309
Hayleys-Aventura	Related entity	15,938,979	69,797,700	-	-
		487,752,235	131,172,285	369,868,564	214,689,126
28.2 Amounts due to Related Parties - Non Trade					
Singer (Sri Lanka) PLC	Intermediate parent	117,170,298	83,939,531	91,912,493	83,939,531
Regnis Appliances (Pvt) Ltd	Subsidiary	-	-	4,788,322	-
Hayleys PLC	Ultimate parent	12,230,398	1,768,038	8,985,259	1,389,867
Singer Industries (Ceylon) PLC	Related entity	7,913,390	3,613,912	-	-
Hayleys Business Solutions International (Pvt) Ltd	Related entity	32,112	43,254	26,981	37,908
		137,346,198	89,364,735	105,713,055	85,367,306
Total		625,098,433	220,537,020	475,581,619	300,056,432

The Group exposure to required risk related to trade and other payable is disclosed in Note 34.1 to the financial statements.

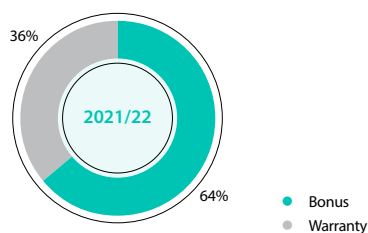
29 PROVISIONS

		GROUP		COMPANY	
		2023	2022	2023	2022
Note		Rs.	Rs.	Rs.	Rs.
Provision-Warranties	29.1	18,725,506	20,317,908	6,297,084	6,297,084
Provision-Bonus	29.2	39,445,437	36,409,914	35,028,038	32,063,444
		58,170,943	56,727,822	41,325,122	38,360,528

Group

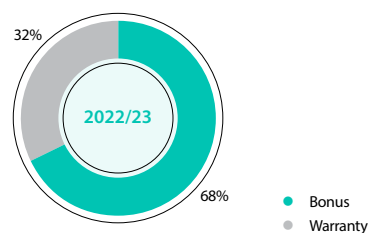
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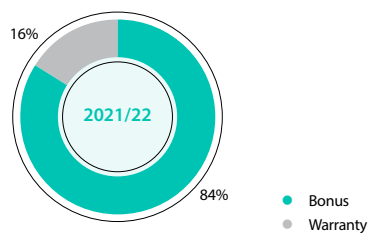
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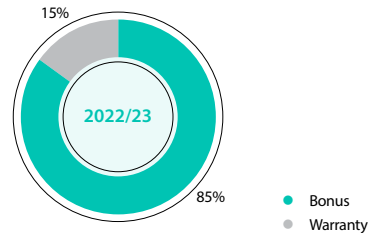
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**29.1 Provisions - Warranties**

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	20,317,908	16,331,927	6,297,084	6,727,950
Provision made during the year	11,692,263	18,327,725	5,422,261	5,866,217
Utilised during the year	(13,284,665)	(14,341,744)	(5,422,261)	(6,297,083)
Balance at the end of the year	18,725,506	20,317,908	6,297,084	6,297,084

Warranty:

A provision of Rs.11,692,263/- and Rs.5,422,261/- Group and the Company respectively has been recognised for expected future warranty claims for the products sold.

29.2 Provisions - Bonus

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	36,409,914	52,315,322	32,063,444	46,593,253
Provision made during the year	45,448,520	87,528,084	40,623,184	77,985,766
Utilised during the year	(42,412,997)	(103,433,492)	(37,658,590)	(92,515,575)
Balance at the end of the year	39,445,437	36,409,914	35,028,038	32,063,444

Bonus:

A provision of Rs.45,448,520/- and Rs.40,623,184/- Group and the Company respectively has been recognised for expected bonus payable for all employees employed as at 31st March 2023.

30 INCOME TAX

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
30.1 Income tax recoverable					
Income tax recoverable		-	8,704,040	-	8,704,040
30.2 Income tax payable					
Income tax payable		3,918,856	1,619,827	925,259	-
30.3 Income tax payable/(recoverable)					
Balance at the beginning of the year		(7,084,213)	(1,699,406)	(8,704,040)	(4,984,024)
Tax on profit for the year	10	22,833,088	10,060,931	15,476,214	2,658,442
Under/(over) provision in respect of previous year		77,555	278,705	77,555	196,983
Current tax expense for the year	10	22,910,643	10,339,636	15,553,769	2,855,425
Irrecoverable economic service charge		2,285,132	-	2,285,132	-
Payments made during the year		(14,192,706)	(15,724,442)	(8,209,602)	(6,575,441)
Net income tax payable/(recoverable)		3,918,856	(7,084,212)	925,259	(8,704,040)
Income tax recoverable		-	(8,704,040)	-	(8,704,040)
Income tax payable		3,918,856	1,619,827	925,259	-
		3,918,856	(7,084,213)	925,259	(8,704,040)

31 DIVIDENDS PAYABLE

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year		3,444,079	64,778,376	3,444,079	64,778,376
Dividend claimed during year		(154,981)	(57,855,929)	(154,981)	(57,855,929)
Unclaimed dividend recognized in other income		-	(3,478,368)	-	(3,478,368)
Unclaimed dividend as at end of the year		3,289,098	3,444,079	3,289,098	3,444,079

32 LOANS AND BORROWINGS**32.1 Payable within one year**

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Short-term bank loans	32.2	679,580,339	698,278,187	521,956,743	421,452,132
Interest payable		3,618,231	489,863	3,245,934	346,769
Sub Total		683,198,570	698,768,050	525,202,677	421,798,901
Loan from related Company	32.3	150,000,000	-	150,000,000	-
Total		833,198,570	698,768,050	675,202,677	421,798,901

32.2 Short-Term Loans

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	698,278,187	514,570,173	421,452,132	334,527,703
Obtained during the year	3,110,204,000	4,172,137,836	2,090,586,051	2,810,305,813
Repayments during the year	(3,128,901,848)	(3,988,429,822)	(1,990,081,440)	(2,723,381,384)
Balance at the end of the year	679,580,339	698,278,187	521,956,743	421,452,132

32.3 Loan from Related Company -Singer (Sri Lanka) PLC

Balance at the beginning of the year	-	-	-	-
Obtained during the year	300,000,000	-	300,000,000	-
Repayments during the year	(150,000,000)	-	(150,000,000)	-
Balance at the end of the year *	150,000,000	-	150,000,000	-

* Applicable interest rate, borrowing cost of Singer(Sri Lanka)PLC+ 0.50%.

32.4 Lease liabilities

Please refer Note 4.8 for accounting policy relating to leases under SLFRS 16.

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Lease liabilities as at 1st April	19,839,958	14,443,169	-	-
Recognition of new lease agreement during the period	-	36,129,477	-	-
Payment of lease liabilities	(10,600,419)	(31,693,192)	-	-
Accrual interest	1,480,421	960,504	-	-
Cumulative lease liabilities as at 31st March	10,719,960	19,839,958	-	-
Maturity analysis – Contractual cash flows				
Current/Non-current distinction				
Less than one year	10,719,960	9,119,997	-	-
Between one and five years	-	10,719,961	-	-
More than five years	-	-	-	-
	10,719,960	19,839,958	-	-

32.5 Group

Terms and conditions of outstanding loans were as follows

		Carrying amount	
		2023	2022
	Lender	Rs.	Rs.
Short- term	Commercial Bank	25,000,000	-
	Hatton National Bank	150,000,000	200,000,000
	Seylan Bank	75,000,000	100,000,000
	Sampath Bank	140,000,000	150,000,000
Trust receipt	Commercial Bank	139,491,403	68,767,320
	Hatton National Bank	11,186,500	32,855,168
	Sampath Bank	138,902,435	75,518,825
	Seylan Bank	-	13,668,000
	National Development Bank	-	57,468,874
Related company loan	Singer (Sri Lanka) PLC	150,000,000	-
Interest payable		3,618,232	489,863
Loans and borrowings		833,198,570	698,768,050

32.5.1 Securities for the above facilities are as follows.

- ◆ Corporate Guarantee executed by Singer (Sri Lanka) PLC for Rs. 455.50 Mn for the facilities granted to Regnis (Lanka) PLC .
- ◆ Corporate Guarantee executed by Regnis (Lanka) PLC for Rs. 410.0 Mn for the facilities granted to Regnis Appliances (Pvt) Ltd.

32.6 Company

		Carrying amount	
		2023	2022
	Lender	Rs.	Rs.
Short- term	Commercial Bank	25,000,000	-
	Hatton National Bank	150,000,000	100,000,000
	Seylan Bank	75,000,000	100,000,000
	Sampath Bank	50,000,000	50,000,000
Trust receipt	Commercial Bank	139,491,403	68,767,320
	Hatton National Bank	11,186,500	32,855,168
	Sampath Bank	71,278,840	5,812,125
	Seylan Bank	-	13,668,000
	National Development Bank	-	50,349,519
Related company loan	Singer (Sri Lanka) PLC	150,000,000	-
Interest payable		3,245,934	346,769
Loans and borrowings		675,202,677	421,798,901

32.6.1 Securities for the above facilities are as follows.

- ◆ Corporate Guarantee executed by Singer (Sri Lanka) PLC for Rs. 455.50 Mn for the facilities granted to Regnis (Lanka) PLC.
- ◆ The Group's exposure to credit risk and liquidity risk is given in Note 34 to the financial statements.

33 DIVIDENDS

The board of directors of the company neither paid any final dividend nor recommended a final dividend for the year 2022/23.

34 FINANCIAL INSTRUMENTS**34.1 Financial risk management -Overview**

The Group has exposure to the following risks arising from financial instrument.

- ◆ Credit risk
- ◆ Market risk
- ◆ Liquidity risk

The note presents information about Group's exposure to each of above risks, the Group's objectives, policies and processes measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

The board of directors oversees how management monitor compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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

34.1.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fail to meet contractual obligations. Credit risk arises principally from the Group's receivables from related parties and placement of deposits.

Guarantees

The Group policy is to provide financial guarantees only to the affiliate companies.

The Company has provided financial guarantees to the wholly-owned subsidiary.

Details of the guarantees are given in Note 32.5.1 to this report.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting date was :

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Trade and other receivables		79,131,617	319,953,421	33,818,071	261,284,093
Amounts due from related parties	20	996,353,349	1,328,019,970	615,224,739	1,013,235,398
Cash at bank	22.1	5,393,296	9,995,932	4,886,994	8,175,475
Investment in equity securities-FVOCI	16.1	28,874,743	27,280,082	28,874,743	27,280,082
Total		1,109,753,005	1,685,249,405	682,804,547	1,309,975,048

Trade and other receivables

The maximum exposure to credit risk for related party and trade other receivables at the end of the reporting date was:

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Trade and other receivables		79,131,617	319,953,421	33,818,071	261,284,093
Amounts due from related parties	20	996,353,349	1,328,019,970	615,224,739	1,013,235,398
Total		1,075,484,966	1,647,973,391	649,042,810	1,274,519,491

Maximum exposure to credit risk for receivables at the reporting date by type of counter-party was:

	Note	GROUP		COMPANY	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Singer (Sri Lanka) PLC		995,553,999	1,325,781,381	614,433,568	1,003,582,830
Singer Industries (Ceylon) PLC		799,350	2,238,589	791,171	823,897
Regnis Appliances (Pvt) Ltd		-	-	-	8,828,671
Loans to company employees	19.3	2,454,832	3,403,560	1,068,077	1,839,730
Advances, trade and other receivables		76,676,785	316,549,861	32,749,994	259,444,363
Total		1,075,484,966	1,647,973,391	649,042,810	1,274,519,491

The Group's principal customer, Singer (Sri Lanka) PLC, settles dues on a four-week credit term.

Loans are given to permanent confirmed employees and are deducted from the salaries as per the terms of granting the loan.

The Company has adequate security over the vehicle loans granted.

The credit quality of financial assets which are neither past due nor impaired can be assessed by reference to historical information on counter-party default rates. All receivables of the Company has a history of zero defaults. None of the above assets are impaired.

Cash at bank

Both the Group/Company held cash at bank of Rs. 5,393,296/- and 4,886,994/- respectively- as at 31 March 2023. The cash at bank are held with reputed commercial banks.

	GROUP		COMPANY	
Fitch rating	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
A	2,301,869	2,930,174	2,301,869	2,716,700
A	-	2,388,538	-	951,455
A	111,621	630,286	111,621	630,286
A-	53,364	74,436	53,364	74,436
A	278,905	27,489	278,905	27,489
A-	1,085,995	630,025	834,193	460,125
A-	1,050,542	3,314,984	1,050,542	3,314,984
A	511,000	-	256,500	-
Total bank balance	5,393,296	9,995,932	4,886,994	8,175,475

34.1.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations related to its financial liabilities, through settlement by cash or financial assets. Liquidity risk is managed by the Group by ensuring as much as possible, sufficient liquidity to meet liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or tarnishing the Group's reputation.

Liquidity issues can have an adverse impact on ongoing operations as well as investment decisions of the Group. In order to minimise the risk, the Company regularly reviews its liquidity position and reports to the Board. Future cash requirements are ascertained through continuous rolling forecasts. Further, the expected cash inflows from trade receivables, outflows from trade payables and imports are closely monitored by the Group.

The Group also maintains excellent relationships with banks, it has dealings with and enjoys substantial banking facilities. The Group aims to maintain banking facilities in excess of expected funding requirement.

The table below highlights the lines of credit and utilised facilities as at 31st March 2023.

	GROUP		COMPANY	
	2023		2023	
	Facility amounts	Utilisation	Facility amounts	Utilisation
	Rs.	Rs.	Rs.	Rs.
Short-term loans	700,000,000	390,000,000	450,000,000	300,000,000
Import loans	600,000,000	289,580,338	500,000,000	221,956,743
Bank overdraft	260,000,000	79,914,756	195,000,000	61,316,746
	1,560,000,000	759,495,094	1,145,000,000	583,273,489
Letter of credit facility vs utilisation	1,709,000,000	510,233,551	1,099,000,000	26,590,000
Total borrowings with Letter of credit	3,269,000,000	1,269,728,645	2,244,000,000	609,863,489

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

This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Group							
31st March 2023	Contractual cash flows						
	Carring amount	Contractual cash flows	1 Month	2 Month	3-12 Month	1-2 Years	Over 2 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank loans	683,198,570	701,756,802	163,324,187	307,246,786	231,185,829	-	-
Bank overdraft	79,914,756	79,914,756	79,914,756	-	-	-	-
Loan from related Company	150,000,000	169,875,000	-	-	169,875,000	-	-
Lease liabilities	10,719,960	10,719,960	-	3,800,361	6,919,599	-	-
Trade and other payables	470,851,992	470,851,992	470,851,992	-	-	-	-
Amounts due to related parties	625,098,433	687,792,538	74,367,719	87,199,740	526,225,079	-	-

Group							
31st March 2022	Contractual cash flows						
	Carring amount	Contractual cash flows	1 Month	2 Month	3-12 Month	1-2 Years	Over 2 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank loans	698,768,050	718,629,336	69,827,446	23,715,321	625,086,569	-	-
Bank overdraft	18,267,300	18,267,300	18,267,300	-	-	-	-
Lease liabilities	19,839,958	19,839,958	-	3,800,361		16,039,597	-
Trade and other payables	1,717,528,883	1,717,528,883	1,717,528,883	-	-	-	-
Amounts due to related parties	220,537,020	220,537,020	220,537,020	-	-	-	-

Company	Contractual cash flows						
31st March 2023	Carring amount	Contractual cash flows	1 Month	2 Month	3-12 Month	1-2 Years	Over 2 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank loans	525,202,677	539,463,279	93,025,664	281,031,786	165,405,829	-	-
Bank overdraft	61,316,746	61,316,746	61,316,746	-	-	-	-
Loan from related Company	150,000,000	169,875,000	-	-	169,875,000	-	-
Trade and other payables	143,424,928	143,424,928	143,424,928	-	-	-	-
Amounts due to related parties	475,581,619	518,244,565	5,851,431	163,306,343	349,086,791	-	-

Company	Contractual cash flows						
31st March 2022	Carring amount	Contractual cash flows	1 Month	2 Month	3-12 Month	1-2 Years	Over 2 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank loans	421,798,901	431,992,470	66,347,564	9,976,450	355,668,456	-	-
Bank overdraft	18,267,300	18,267,300	18,267,300	-	-	-	-
Trade and other payables	1,226,704,536	1,226,704,536	1,226,704,536	-	-	-	-
Amounts due to related parties	300,056,432	300,056,432	300,056,432	-	-	-	-

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

34.1.3 Market risk

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

a) Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective financial currencies of Group entities. The currency in which these transactions primarily are denominated in US Dollars. The currency risk is limited by the short-term nature of the period between the dates of the purchase and settlements of the related liability.

	GROUP		COMPANY	
As at 31March	2023	2022	2023	2022
	USD	USD	USD	USD
Trade payables	873,331	4,562,609	33,109	3,236,898
Net exposure	873,331	4,562,609	33,109	3,236,898

The following exchange rates have been applied.

	Year end Rate (Rs.)	
	As at 31st March 2023	As at 31st March 2022
USD	333.00	310.00

Sensitivity Analysis

A reasonably possible strengthening (weakening) of the USD against all other currencies at reporting date would have affected the measurement of financial instruments denominated in a foreign currency and effected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rate remain constant and ignores any impact of forecast sales and purchases.

Group As at 31st March 2023	Profit or Loss		Equity net of Tax	
	Appreciation	Depreciation	Appreciation	Depreciation
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
USD (5% movement)	(14,541)	14,541	(10,179)	10,179

As at 31st March 2022	Profit or Loss		Equity net of Tax	
	Appreciation	Depreciation	Appreciation	Depreciation
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
USD (5% movement)	(70,720)	70,720	(57,990)	57,990

Company As at 31st March 2023	Profit or Loss		Equity net of Tax	
	Appreciation	Depreciation	Appreciation	Depreciation
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
USD (5% movement)	(551)	551	(386)	386

As at 31st March 2022	Profit or Loss		Equity net of Tax	
	Appreciation	Depreciation	Appreciation	Depreciation
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
USD (5% movement)	(50,172)	50,172	(41,141)	41,141

(b) Interest rate risk

The Group adopts a policy of ensuring borrowings are maintained at manageable levels while optimising returns. Interest rates are negotiated leveraging on the strength of the Singer Group and thereby ensuring the availability of cost-effective funding at all times, while minimising the negative effect of market fluctuations. In addition, Company has considerable banking facilities with several reputed banks which has enabled the Company to negotiate competitive rates.

The Group manages its Interest rate risk by monitoring and managing cash flows, negotiating favourable rate on borrowings and deposits including and maintaining and appropriate combination of fixed and variable rate debt.

Interest bearing assets	No such assets
Interest bearing liabilities	Bank overdrafts
	Short term loans
	Import loans

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

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Fixed rate instruments				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
	-	-	-	-
Variable rate instruments				
Financial assets	-	-	-	-
Financial liabilities	763,113,326	717,035,350	586,519,423	440,066,201
	763,113,326	717,035,350	586,519,423	440,066,201

Cash flow sensitivity for variable rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant:

	GROUP		COMPANY	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs' 000	Rs' 000	Rs' 000	Rs' 000
Profit or loss /Equity				
As at 31st March 2023				
Variable rate instruments	(7,631)	7,631	(5,865)	5,865
Cash flow sensitivity (net)	(7,631)	7,631	(5,865)	5,865
As at 31st March 2022				
Variable rate instruments	(7,170)	7,170	(4,402)	4,402
Cash flow sensitivity (net)	(7,170)	7,170	(4,402)	4,402

34.1.4 Capital management

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

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

The capital structure of the Group consists of net debt (borrowings as detailed in Notes 22.2.1 & 32.1) and equity of the Group (comprising issued capital, reserves, retained earnings as detailed in Notes 23 and 24). The capital structure of the Group is reviewed by the Board of Directors. The gearing ratios are given below:

The gearing ratio at the end of the reporting period is as follows:

	GROUP		COMPANY	
As at 31 March	2023	2022	2023	2022
	Rs' 000	Rs' 000	Rs' 000	Rs' 000
Total borrowings (Note 32.1 & 22.2.1)	913,113	717,035	736,519	440,066
Equity	1,750,995	1,849,185	1,496,824	1,617,881
Equity + Borrowing	2,664,108	2,566,221	2,233,344	2,057,947
Gearing Ratio	34%	28%	33%	21%

(1) Debt is defined as long and short-term borrowings as described in Notes 22.2.1 & 32.1

(2) Equity includes all capital and reserves of the Group and Company in Note 23 & 24

34.2 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

34.2.1 Group

As at 31st March 2023		Loans and receivables	FVOCI	Other financial liabilities	Total carrying amount	Fair value			
In Rs' 000	Note					Level 1	Level 2	Level 3	Total
Cash and cash equivalents	22.1	5,543	-	-	5,543	-	-	-	-
Trade and other receivables	34.1.1	79,132	-	-	79,132	-	-	-	-
Amounts due from related parties	20	996,353	-	-	996,353	-	-	-	-
Investment in equity securities	16	-	28,875	-	28,875	-	-	28,875	28,875
		1,081,028	28,875	-	1,109,903	-	-	28,875	28,875
Bank loans	32.1	-	-	(683,199)	(683,199)	-	-	-	-
Loan from related Company	32.1	-	-	(150,000)	(150,000)	-	-	-	-
Lease liabilities	32.4	-	-	(10,720)	(10,720)	-	-	-	-
Trade and other payables	27	-	-	(470,852)	(470,852)	-	-	-	-
Amounts due to related parties	28	-	-	(625,098)	(625,098)	-	-	-	-
Bank overdraft	22.2	-	-	(79,915)	(79,915)	-	-	-	-
		-	-	(2,019,784)	(2,019,784)	-	-	-	-

As at 31st March 2022		Loans and receivables	FVOCI	Other financial liabilities	Total carrying amount	Fair value			
In Rs '000	Note					Level 1	Level 2	Level 3	Total
Cash and cash equivalents	22.1	10,146	-	-	10,146	-	-	-	-
Trade and Other receivables	34.1.1	319,953	-	-	319,953	-	-	-	-
Amounts due from related parties	20	1,328,020	-	-	1,328,020	-	-	-	-
Investment in equity securities	16	-	27,280	-	27,280	-	-	27,280	27,280
		1,658,118	27,280	-	1,685,398	-	-	27,280	27,280
Bank loans	32.1	-	-	(698,768)	(698,768)	-	-	-	-
Lease liabilities	32.4	-	-	(19,840)	(19,840)	-	-	-	-
Trade and other payables	27	-	-	(1,717,529)	(1,717,529)	-	-	-	-
Amounts due to related parties	28	-	-	(220,537)	(220,537)	-	-	-	-
Bank overdraft	22.2	-	-	(18,267)	(18,267)	-	-	-	-
		-	-	(2,674,941)	(2,674,941)	-	-	-	-

The management assessed that cash and short-term deposits, trade and other receivables, trade payables, bank overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties, other than in a forced sale or on liquidation.

34.2.2 Company

As at 31st March 2023		Loans and receivables	FVOCI	Other financial liabilities	Total carrying amount	Fair value			
In Rs '000	Note					Level 1	Level 2	Level 3	Total
Cash and cash equivalents	22.1	4,987	-	-	4,987	-	-	-	-
Trade and Other receivables	34.1.1	33,818	-	-	33,818	-	-	-	-
Amounts due from related parties	20	615,225	-	-	615,225	-	-	-	-
Investment in Equity Securities	16	-	28,875	-	28,875	-	-	28,875	28,875
		654,030	28,875	-	682,905	-	-	28,875	28,875
Bank loans	32.1	-	-	(525,203)	(525,203)	-	-	-	-
Loan from related Company	32.1	-	-	(150,000)	(150,000)	-	-	-	-
Trade and other payables	27	-	-	(143,425)	(143,425)	-	-	-	-
Amounts due to related parties	28	-	-	(475,582)	(475,582)	-	-	-	-
Bank overdraft	22.2	-	-	(61,317)	(61,317)	-	-	-	-
		-	-	(1,355,526)	(1,355,526)	-	-	-	-

34.2.2 Company

As at 31st March 2022		Loans and receivables	FVOCI	Other financial liabilities	Total carrying amount	Fair value			
In Rs'000	Note					Level 1	Level 2	Level 3	Total
Cash and cash equivalents	22.1	8,175	-	-	8,175	-	-	-	-
Trade and Other receivables	34.1.1	261,284	-	-	261,284	-	-	-	-
Amounts due from related parties	20	1,013,235	-	-	1,013,235	-	-	-	-
Investment in Equity Securities	16	-	27,280	-	27,280	-	-	27,280	27,280
		1,282,695	27,280	-	1,309,975	-	-	27,280	27,280
Bank loans	32.1	-	-	(421,799)	(421,799)	-	-	-	-
Trade and other payables	27	-	-	(1,226,705)	(1,226,705)	-	-	-	-
Amounts due to related parties	28	-	-	(300,056)	(300,056)	-	-	-	-
Bank overdraft	22.2	-	-	(18,267)	(18,267)	-	-	-	-
		-	-	(1,966,827)	(1,966,827)	-	-	-	-

The management assessed that cash and short-term deposits, trade and other receivables, trade payables, bank overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties, other than in a forced sale or on liquidation.

Reconciliation of fair value measurements of level 3 financial instrument

The Group and Company Equity Investments at fair value through other comprehensive income (FVOCI) instruments classified as Level 3 within the fair value hierarchy.

	Investment in Equity Security			
	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs' 000	Rs' 000	Rs' 000	Rs' 000
Balance as at 1st April	27,280	25,305	27,280	25,305
Deemed disposal loss	-	-	-	-
Fair value gain	1,595	1,975	1,595	1,975
Balance as at 31st March	28,875	27,280	28,875	27,280

The Company hold an investment in equity shares of Reality (Lanka) Limited with a fair value of Rs. 28,874,743/- measured at Net Assets basis (Net assets Value per share Rs. 16.01/- as at 31.03.2023). Fair value of this investment was categorised as level 3 as at 31st March 2023. This was because the shares were not listed on an exchange and there were no recent observable arms's length transactions in the shares.

35 COMMITMENTS AND CONTINGENCIES - GROUP/COMPANY**35.1 Finance Commitments**

Document credit are effected for foreign purchases of the Group amounting to Rs. 510,233,521/- (2021/22- Rs. 1,302,778,043/-).

Document credit are effected for foreign purchases of the Company amounting to Rs. 26,590,000/- (2021/22- Rs. 772,814,954 /-).

35.2 Operating Lease commitment - Group

(a) Warehouse - Regnis Appliances (Pvt) Ltd

Lease unexpired period details are as follows:

Location of premises	Unexpired Period as at 31st March 2023
Moratuwa	9 months

Lease rentals are payable as follows :

As at 31st March	2023	2022
	Rs. Mn	Rs. Mn
Within one year	5.10	4.6
Over one year	-	6.7

35.3 Contingencies

35.4.1 Corporate guarantees were given to banks on behalf of Regnis Appliances (Pvt) Ltd amounting to Rs. 410 Mn for the purpose of obtaining banking facilities.

35.4.2 The Company cleared a shipment of imported goods during the year 2008 on provision of a bank guarantee amounting to Rs. 6,522,083/- to the Director of Customs. The bank guarantee relates to alleged additional duty payable on imports which is contested by the Company. The customs inquiry initiated in 2008 is still pending. The management is of the opinion that there is no basis that the Company is liable for the additional duty and hence, no provision is made in the financial statements.

Other than the above, Company does not have significant contingencies as at the reporting date.

35.5 Capital commitments

There were no material capital commitments as at the reporting date.

36 EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have been arisen since the reporting date, which would require adjustments to or disclosure except for the following.

37 RELATED PARTY DISCLOSURES

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 Standard (LKAS 24) "The Related Parties disclosures, the details are as follows".

37.1 Parent and ultimate controlling party

Singer (Sri Lanka) PLC is the parent company of Regnis (Lanka) PLC which holds 58.29% of the company. The Hayleys PLC is the ultimate parent company of Regnis (Lanka) PLC.

On 15th October 2018, Hayleys PLC purchased the balance 35,562,883 (9.47%) Ordinary shares held by Retail Holdings (Sri Lanka) BV in Singer (Sri Lanka) PLC at a price of Rs.47/- 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% of Singer(Sri Lanka) PLC.

37.2 Transactions with Parent Company and Subsidiary Company

(a) Transactions with its Parent Company:

Singer (Sri Lanka) PLC

Principal activities	Nature of Transaction	Carrying amount	
		2023	2022
		Rs.	Rs.
The principal activities of the Company were marketing domestic and industrial sewing machines, appliances, furniture, agricultural equipment, personal computers and manufacturing furniture and agricultural equipment.	Corporate guarantees obtained on behalf of the Company	455,500,000	455,500,000
	Revenue	3,741,056,824	5,232,145,406
	Sales Taxes	460,878,010	418,571,632
	Non Trade Settlement	145,000,000	60,022,500
	Funds Received for sales	4,441,484,731	5,419,849,313
	Expenses Reimbursed	113,095,681	126,837,770
	Interest Income	16,902,941	2,959,019
	Interest on STL	54,092,979	-
	Interest on Corporate Guarantee	2,277,505	2,277,506
	Inter company advances-Trade	-	200,000,000
	Inter company advances-Trade-Setoff	200,000,000	-
	Trade settelement for SSL purchases	219,585,272	-
	Purchases	462,293,224	-
	Balance Receivable	229,822,224	919,643,298
	Loans Obtained	300,000,000	-
	Loans Settelement	150,000,000	46,000,000
	Loan payable	150,000,000	-

(b) Transactions with its Subsidiary Company:

Regnis Appliances (Pvt)Ltd

Principal activities	Nature of transaction	2023	2022
		Rs.	Rs.
Manufacture and assembly of washing machines, plastic chairs and producing plastic components for refrigerators.	Corporate guarantees given	410,000,000	410,000,000
	Purchases	321,920,976	403,914,572
	Sale of raw materials	1,744,632	2,640,646
	Funds Paid	452,366,219	280,720,919
	Non Trade settlement	5,214,011	-
	Expenses reimbursed	7,113,376	4,645,663
	Interest Expense	21,360,991	4,025,326
	Interest Income on Corporate Guarantee	4,100,000	4,100,000
	Balance Payable	76,106,603	192,934,852

(C) Transactions with Companies under Common Parent of Singer (Sri Lanka) PLC :

Name of the Company and Relationship	Nature of transaction	2023	2022
		Rs.	Rs.
Singer Industries (Ceylon) PLC	Purchases	1,307,057	2,766,304
Related Entity	Reimbursement of Expenses	25,000	561,399
	Interest payable	7,726	222,143
	Funds paid	1,600,531	2,598,234
	Funds Received	9,108	9,748,367
	Balance Payable	576,056	315,309
Reality Lanka Limited	Change of fair value & Loss on deemed disposal of FVOCI investments	1,623,766	1,975,380
Related Entity			

37.2.1 Recurrent related party transactions

Name of the related party	Nature of transaction	Value of the related party transactions entered in to during the financial year	Aggregate value of related party transaction as a % of net consolidated revenue	Aggregate value of related party transaction as a % of net company revenue	Term and condition of the related party transaction/ The rationale for entering into the transaction
		Rs			
Singer (Sri Lanka) PLC Parent Company	Sales	3,741,056,824	68%	101%	Arm's length transaction on normal commercial terms
	Sales taxes	460,878,010	8%	12%	
	Funds received for sales	4,441,484,731	80%	119%	
Regnis Appliances (Pvt) Ltd Subsidiary	Purchases	321,920,976	6%	9%	Arm's length transaction on normal commercial terms

37 RELATED PARTY DISCLOSURES (CONTD.)**37.3. (a) Transactions with Ultimate Parent and Companies under Common Control of Hayleys PLC**

Name of the Company and Relationship	Nature of Transaction	2023 Rs.	2022 Rs.
Hayleys PLC	Expenses reimbursed	24,455,341	25,921,631
Ultimate parent	Funds paid	16,859,950	25,124,827
	Balance payable	8,985,259	1,389,867
Advantis Freight (Pvt) Ltd	Expenses incurred	3,745,028	38,486,456
	Funds Paid	7,447,910	34,783,574
	Balance payable	-	3,702,882
Advantis Project Engineering (Pvt) Ltd	Expenses incurred	91,713	-
	Funds Paid	-	-
	Balance payable	91,713	-
Puritas Ltd	Expenses incurred	150,001	1,107,075
	Funds Paid	150,001	957,074
	Balance payable	-	150,001
Yusen Logistics & Kusuhar Lanka (Pvt) Ltd	Expenses incurred	-	2,397,455
	Funds Paid	-	2,397,455
	Balance payable	-	-
Hayleys Business Solutions International (Pvt) Ltd	Expenses incurred	2,004,143	497,718
	Funds Paid	2,015,070	459,810
	Balance payable	26,981	37,908
Ceva Logistics Lanka (Pvt) Ltd	Expenses incurred	921,985	172,467
	Funds Paid	1,094,452	-
	Balance payable	-	172,467
IML Delivery Systems (Pvt) Ltd	Expenses incurred	14,756	1,404
	Funds Paid	14,756	1,404
	Balance payable	-	-
COSCO Shipping Lines Lanka (Pvt) Ltd	Expenses incurred	-	199,100
	Funds Paid	-	199,100
	Balance payable	-	-
Mountain Hawk Express (Pvt) Ltd	Expenses incurred	133,632	1,135,424
	Funds Paid	148,990	1,120,066
	Balance payable	-	15,358
CMA CGM Lanka Pvt Ltd	Expenses incurred	41,218	-
	Funds Paid	41,218	-
	Balance payable	-	-

Name of the Company and Relationship	Nature of Transaction	2023	2022
		Rs.	Rs.
Ocean Network Express	Expenses incurred	12,873	-
	Funds Paid	12,873	-
	Balance payable	-	-
Expelogix (Pvt) Ltd	Expenses incurred	-	111,600
	Funds Paid	-	111,600
	Balance payable	-	-
Ravi Industries Ltd	Expenses incurred	-	2,668,243
	Funds Paid	-	2,668,243
	Balance payable	-	-
S&T Interior (Pvt) Ltd	Expenses incurred	-	1,781,212
	Funds Paid	-	1,781,212
	Balance payable	-	-
TOYO Cushion Lanka (Pvt) Ltd	Expenses incurred	-	458,617
	Funds Paid	-	458,617
	Balance payable	-	-

37.3. (b) Transactions with Other Related parties

Name of the Company and Relationship	Nature of Transaction	2023	2022
		Rs.	Rs.
Delmege Forsyth (Pvt) Ltd	Expenses incurred	186,864	1,561,380
	Funds Paid	186,864	1,561,380
	Balance payable	-	-
Uni Dil Packaging Ltd	Purchases	55,588,785	67,765,559
	Funds Paid	58,420,491	59,389,249
	Balance payable	5,544,604	8,376,310

37.4 Transactions with Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Accordingly the key management personnel includes the board of directors of the Company, it's parent Company and its ultimate parent entity

(i) Loans to Directors

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

(ii) Key management personnel compensation

Key management personnel comprises the Directors of the Company

Name of the Company and Relationship	2023	2022
	Rs.	Rs.
Short-term employment benefits	14,477,980	11,824,688

In addition to their salaries, the Company provides non-cash benefits to the key management personnel and contributes to a post-employment defined benefit plan on their behalf. Directors' emoluments are disclosed in Note 9 to the financial statements.

No other transactions were carried out with key management personnels of the Company and the Group.

Terms and conditions of transactions with related parties:

Transactions with related parties are carried out at terms equivalent to those that prevailing arm's length transactions. Outstanding current account balances at the year end are unsecured, and the settlements will be made in cash subject to the following credit periods.

	2023	2022
Singer (Sri Lanka) PLC	4 weeks	4 weeks
Regnis Appliances (Pvt) Ltd	8 weeks	8 weeks
Singer Industries (Ceylon) PLC	4 weeks	4 weeks

37.5 The fully-owned subsidiary, Regnis Appliances (Pvt) Ltd had the following transaction :

Name of the Company and Relationship	Nature of Transaction	2023	2022
		Rs.	Rs.
Singer (Sri Lanka) PLC			
Intermediate parent	Sales	1,800,584,036	1,973,258,978
	Sales taxes	227,045,921	157,860,718
	Purchases including Taxes	238,064,436	-
	Non-trade settlement	112,522,369	125,109,002
	Funds received	1,965,673,443	2,086,220,862
	Expenses incurred	48,086,326	17,785,124
	Purchase of fixed assets	522,369	2,061,908
	Interest Income	3,470,677	526,558
	Interest Expenses	14,719,493	5,694,699
	Balance receivable	198,755,499	322,198,563
Singer Industries (Ceylon) PLC	Sales of raw materials	101,707	46,092,512
Related entity	Sales taxes	-	3,687,401
	Funds Paid	174,906,768	118,461,688
	Expenses incurred	42,488	70,831
	Interest expenses	4,234,601	691,880
	Balance payable	20,285,555	40,783,362
Hayleys PLC	Secretarial Fee	5,512,313	8,494,420
Ultimate parent	Expenses paid	2,645,347	8,201,748

Name of the Company and Relationship	Nature of Transaction	2023	2022
		Rs.	Rs.
	Balance payable	3,245,136	378,171
Hayleys Business Solution (Pvt) Ltd	Expenses reimbursement	108,934	57,834
Related Entity	Payment	109,149	52,488
	Balance at the end of the year	5,131	5,346
Hayleys Aventura (Pvt) Ltd	Purchase	180,805,770	192,926,340
Related Entity	Payment	234,664,491	122,877,000
	Raw Material Sale	-	251,640
	Balance at the end of the year	15,938,979	69,797,700
Advantis Freight (Pvt) Ltd	Expenses incurred	7,898,783	18,148,249
Related Entity	Payment	14,311,797	11,735,235
	Balance at the end of the year	-	6,413,014

Terms and conditions of transactions with related parties:

Transactions with related parties are carried out at terms equivalent to those that prevail in arm's length transactions. Outstanding current account balances at the year end are unsecured, and the settlements will be made in cash subject to the following credit periods.

	2023	2022
Singer (Sri Lanka) PLC	4 weeks	4 weeks
Singer Industries (Ceylon) PLC	4 weeks	4 weeks

38 IMPACT OF RECENT ECONOMIC CONDITION

The Directors are continuously monitoring the existing and the anticipated effects of the economic crisis, the circumstances of the external environment, as well as the resulting consequences to the company in order to take appropriate measures to manage the impact.

[I] Increase in interest rates

The sharp increase in market interest rates adversely impacted the interest cost of the group and the company. This increment in finance cost was mainly due to higher working capital requirements in the group as a result of the sharp depreciation of the Rupee along with curtailing of supplier credits by foreign suppliers due to the downgrade of the country's credit rating by international credit rating agencies subsequent to the weakening of the economic stability of Sri Lanka. The LKR interest rates are expected to decrease marginally in the coming months with the recent policy measures adopted by CBSL.

The following measures were taken to reduce the impact of increase in interest rates;

- ◆ Fixed the interest of short – term working capital loans for a longer period based on money market conditions.
- ◆ Continuous evaluation made to maintain optimum working capital levels to support production by giving minimum burden to the company's liquidity position.
- ◆ Minimised borrowings by reducing credit periods offered to the Intercompany customers whilst encouraging advance payments, thereby improving the liquidity of the company.
- ◆ Fund recovery plan for a period of month to be provided to the intercompany customer in order to avoid sudden liquidity issues occurring due to delay in settlements.

- ◆ Strategic focus on capex planning to prioritise essential capex while deferring the other capex requirements.

[II] Fluctuation of foreign currency and significant rupee depreciation

With the significant rupee depreciation, cost of materials have increased significantly resulting in higher working capital requirements. Further, price revisions have adversely affected the consumer demand.

The following measures were taken to reduce the impact of a significant depreciation of the Rupee;

- ◆ Implemented prudent strategies to revise price in a timely manner based on market outlook.
- ◆ Accelerated payments to avoid potential additional costs due to adverse currency rate movement in the absence of forward forex contracts.

[III] Other Considerations

Despite the current slowdown of the economy, the marketing and business development teams of the Parent company continues to pursue new business opportunities to diversify the business risk whilst the operational teams focus on improving production efficiencies and reducing costs in order to increase the gross profit margins.

1 GENERAL

Value - Ordinary Shares	Rs. 211,192,425
Number of Shares - Ordinary Shares	22,535,726
Voting Rights	One vote per ordinary Share

2 STOCK EXCHANGE LISTING

The Issued Ordinary Shares of Regnis (Lanka) PLC are listed with the Colombo Stock Exchange of Sri Lanka.

3 DISTRIBUTION OF SHAREHOLDINGS

Number of shareholders : 31st March 2023 - 1,750

As at 31st March 2023	Residents			Non-residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1_1000	1,109	297,326	1.32	6	2,334	0.01	1,115	299,660	1.33
1001_10,000	523	1,588,311	7.05	5	23,332	0.10	528	1,611,643	7.15
10,001_100,000	86	2,807,443	12.46	2	77,500	0.34	88	2,884,943	12.80
100,001_1,000,000	17	3,818,848	16.95	1	783,478	3.48	18	4,602,326	20.42
Over 1,000,001	1	13,137,154	58.29	-	-	0.00	1	13,137,154	58.29
Total	1,736	21,649,082	96.07	14	886,644	3.93	1,750	22,535,726	100.00

Number of shareholders : 31st March 2022 - 1,728

As at 31st March 2022	Residents			Non-residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1_1000	1,101	295,978	1.31	6	2,334	0.01	1,107	298,312	1.32
1001_10,000	505	1,527,360	6.78	5	23,332	0.10	510	1,550,692	6.88
10,001_100,000	93	3,068,012	13.61	1	27,500	0.12	94	3,095,512	13.74
100,001_1,000,000	14	2,628,894	11.67	1	224,124	1.00	15	2,853,018	12.66
Over 1,000,001	2	14,738,192	65.40	-	-	0.00	2	14,738,192	65.40
Total	1,715	22,258,436	98.77	13	277,290	1.23	1,728	22,535,726	100.00

4 ANALYSIS OF SHARES

As at 31st March	2023			2022		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Class of member						
Individuals	1,652	5,651,801	25.08	1,618	4,694,945	20.80
Institutions	98	16,883,925	74.92	110	17,840,781	79.20
Total	1,750	22,535,726	100.00	1,728	22,535,726	100.00
Shares held by public	1,749	9,398,572	41.71%	1,727	9,398,572	41.71%

Float adjusted market capitalisation Rs. 432,383,960/-

The Company complies with option 5 of the Listing Rules 7.14.1(i) (a) - which requires a minimum public Holding of 20% for a Company having a float adjusted market capitalisation of less than Rs.2.5Bn.

5 MARKET VALUE PER SHARE

	2023	2022
	Rs.	Rs.
Closing price for the year ended 31.03. 2023 and 31.03.2022	46.00	54.50
Highest value per share during the period	60.40	90.00
Lowest value per share during the period	35.00	44.00

Share trading for the period

	As at 31st March 2023	As at 31st March 2022
	Rs.	Rs.
No of transactions	2,409	10,831
No of shares Traded	2,733,211	9,991,109
Value of shares Traded (Rs.)	130,744,349	708,612,388

6 DIRECTORS AND CEO'S SHAREHOLDINGS

	As at 31st March 2023 No. of shares	As at 31st March 2022 No. of shares
	Rs.	Rs.
MR. A. M. PANDITHAGE	NIL	NIL
MR. M. H. WIJewardene	NIL	NIL
MR. S. C. GANEGODA	NIL	NIL
MR. M. H. JAMALDEEN	NIL	NIL
MR. N. L S JOSEPH	NIL	NIL
MR. K. D. G. GUNARATNE	NIL	NIL
MR. K. D. KOSPELAWATTA	NIL	NIL
MR. D. K. DE SILVA WIJEYERATNE	NIL	NIL
MR. A. C. M. IRZAN (ALTERNATE TO MR K. D. KOSPELAWATTA)	NIL	NIL
MR. V. J. S. PERERA (ALTERNATE DIRECTOR TO MR. M.H. WIJewardene; APPOINTED ON 20TH APRIL 2022)	NIL	NIL
MR. K. T. R. CHITRASIRI (ALTERNATE DIRECTOR TO MR. S.C. GANEGODA; APPOINTED ON 20TH APRIL 2022 AND RESIGNED ON 30TH SEPTEMBER 2022)	NIL	NIL

7 TWENTY LARGEST SHAREHOLDERS AS AT 31ST MARCH 2023

	Name	No of shares	%
		Rs.	Rs.
1	SINGER (SRI LANKA) PLC	13,137,154	58.29
2	SANDWAVE LIMITED	783,478	3.48
3	SEYLAN BANK PLC/CHANNA NALIN RAJAHMONEY	500,000	2.22
4	PEOPLE'S LEASING & FINANCE PLC/L.PHAPANGAMA	483,464	2.15
5	MRS. HERATH MUDIYANSELAGE ANOMA RAMANI KUMARI KALUHENDIWELA	450,000	2.00
6	BANK OF CEYLON NO. 1 ACCOUNT	300,000	1.33
7	DR. SENADHI INDRAJITH BANGAMUARACHCHI	264,690	1.17
8	UNION INVESTMENTS PRIVATE LTD	249,200	1.11
9	PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	234,978	1.04
10	MR. SUNDARARAJEE SIVASHANTH	200,000	0.89
11	MR. SEMASINGHE NAWARATNA CHANDRASEKARA WANNINAYAKA MUDIYANSELAGE BANDARA CHANDRASEKARA KANDEGEDARA	157,237	0.70
12	MACKSONS HOLDINGS (PVT) LTD	150,000	0.67
13	J.B. COCOSHELL (PVT) LTD	125,500	0.56
14	PEOPLE'S LEASING & FINANCE PLC/L.H.L.NORIS DE SILVA & SON (PVT)LTD	124,057	0.55
15	MR. PATTIYAWATTAGE KAUSHALYA CHAMARA PERERA SAMARASINGHE	120,296	0.53
16	MR. VASHI CHANDIRAM MAHTANI/MRS. M.V. MAHTANI	117,611	0.52
17	MRS. SONALI ROSHINI PERERA	116,564	0.52
18	PEOPLE'S LEASING & FINANCE PLC/L.H.L.M.P. HARADASA	116,451	0.52
19	Mr. AZEEZ JALALUDDIN RUMY	108,800	0.48
20	PEOPLE'S LEASING & FINANCE PLC/MR.D.M.P. DISANAYAKE	95,921	0.43
	SUB TOTAL	17,835,401	79.14

8 TWENTY LARGEST SHAREHOLDERS AS AT 31ST MARCH 2022

	Name	No of shares	%
		Rs.	Rs.
1	SINGER (SRI LANKA) PLC	13,137,154	58.29
2	SEYLAN BANK PLC/CHANNA NALIN RAJAHMONEY	1,601,038	7.10
3	PEOPLE'S LEASING & FINANCE PLC/L.PHAPANGAMA	468,764	2.08
4	BANK OF CEYLON NO. 1 ACCOUNT	300,000	1.33
5	UNION INVESTMENTS PRIVATE LTD	249,200	1.11
6	SANDWAVE LIMITED	224,124	0.99
7	DR. SENADHI INDRAJITH BANGAMUARACHCHI	218,100	0.97
8	PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	209,013	0.93
9	PEOPLE'S LEASING & FINANCE PLC/MR. S. SIVASHANTH	200,000	0.89
10	MACKSONS HOLDINGS (PVT) LTD	161,832	0.72
11	PEOPLE'S LEASING & FINANCE PLC/MR.D.M.P.DISANAYAKE	126,484	0.56
12	PEOPLE'S LEASING & FINANCE PLC/L.H.L.NORIS DE SILVA & SON (PVT) LTD	124,057	0.55
13	MR. PATTIYAWATTAGE KAUSHALYA CHAMARA PERERA SAMARASINGHE	120,296	0.53
14	MR. AZEEZ JALALUDDIN RUMY	117,700	0.52
15	MRS. SONALI ROSHINI PERERA	116,564	0.52
16	HATTON NATIONAL BANK PLC/MUSHTAQ MOHAMED FUAD	108,662	0.48
17	PEOPLE'S LEASING & FINANCE PLC/L.H.L.M.P.HARADASA	108,222	0.48
18	MR. ABEYSIRI HEMAPALA MUNASINGHE	93,844	0.42
19	MR. VIDYARATNE GANITAGURUGE KULATUNGE VIDYARATNE	88,704	0.39
20	MR. PATTIYAWATTAGE CHATHURA PRABUDHA SAMARASINGHE	77,609	0.34
	SUB TOTAL	17,851,367	79.21



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Independent Assurance Report to the Board of Directors of Regnis (Lanka) PLC

Scope

We have been engaged by Regnis (Lanka) PLC ("the Entity") to perform a 'limited assurance engagement' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on the Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report (the "Subject Matter") as of 31st March 2023.

Criteria applied by Regnis (Lanka) PLC

In preparing the Subject Matter, Regnis (Lanka) PLC applied the following criteria ("Criteria"):

- ◆ The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at GRI's global website www.globalreporting.org.

Such Criteria were specifically designed for purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report FY 2022/23 is in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Regnis (Lanka) PLC's responsibilities

Regnis (Lanka) PLC's management is responsible for selecting the Criteria, and for presenting the EESG indicators contained in the Integrated Annual Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, 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 Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the Regnis (Lanka) PLC on 02 May 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented 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 limited assurance conclusions.

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 Professional Accountants issued by CA Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, 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

Procedures performed in a limited assurance engagement 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. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

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.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- ◆ Validated the information presented and checked the calculations performed by the organization through recalculation

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Suleiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons) MIS MSc-IT, G B Goudian ACA, D L B Karunathilaka ACA, Ms. P S Paranevitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

- ◆ Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- ◆ Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff
- ◆ Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- ◆ Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

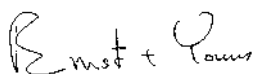
Emphasis of matter

Economic, Environment, Social management data/information are subject 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 Integrated Annual Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report as of 31st March 2023 in order for it to be in accordance with the Criteria.



Chartered Accountant

Colombo
18th May 2023

Statement of use	REGNIS has reported in accordance with the GRI standards for the period 1st April 2022 to 31st March 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Refer the following index

GRI Standard	Disclosures	Location	Omission			GRI Sector Standard Ref.No
			Requirement(s) Omitted	Reason	Explanation	
General Disclosures						
GRI 2: General Disclosures 2021	2-1	Organizational details	Inner back			
	2-2	Entities included in the organization's sustainability reporting	6			
	2-3	Reporting period, frequency and contact point	6-7			
	2-4	Restatements of information	6			
	2-5	External assurance	7, 211-212			
	2-6	Activities, value chain and other business relationships	24-25, 63, 67-68			
	2-7	Employees	54-55			
	2-8	Workers who are not employees	54			
	2-9	Governance structure and composition	79			
	2-10	Nomination and selection of the highest governance body	117			
	2-11	Chair of the highest governance body	20, 80, 94			
	2-12	Role of the highest governance body in overseeing the management of impacts	91-92			
	2-13	Delegation of responsibility for managing impacts	79-119			
	2-14	Role of the highest governance body in sustainability reporting	92			
	2-15	Conflicts of interest	81			
	2-16	Communication of critical concerns	82			
	2-17	Collective knowledge of the highest governance body	80			
	2-18	Evaluation of the performance of the highest governance body	97			
	2-19	Remuneration policies	99-101			
	2-20	Process to determine remuneration	99-101			
	2-21	Annual total compensation ratio			Not Applicable	Not recorded
	2-22	Statement on sustainable development strategy	14-15			
	2-23	Policy commitments	53,54,68,71, 79-119			
	2-24	Embedding policy commitment	79-119			
	2-25	Processes to remediate negative impacts	53,67			
	2-26	Mechanisms for seeking advice and raising concerns	79-119			
	2-27	Compliance with laws and regulations	28-29			
	2-28	Membership associations	69			
	2-29	Approach to stakeholder engagement	28-29			
	2-30	Collective bargaining agreements	60			
Material topics						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	30			
	3-2	List of material topics	30-32			

GRI Standard	Disclosures	Location	Omission			GRI Sector Standard Ref.No
			Requirement(s) Omitted	Reason	Explanation	
Economic Performance						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	48			
	201-2	Financial implications and other risks and opportunities due to climate change	36			
	201-3	Defined benefit plan obligations and other retirement plans	180-183			
	201-4	Financial assistance received from government	78			
Indirect Economic Impacts						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	68-69,49-52			
	203-2	Significant indirect economic impacts	25			
Procurement Practices						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	68			
Anti-corruption						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption		Information unavailable	This information is not available at present	
	205-2	Communication and training about anti-corruption policies and procedures	68			
	205-3	Confirmed incidents of corruption and actions taken	68			
Tax						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 207: Tax 2019	207-1	Approach to tax	46, 156, 163-165			
	207-2	Tax governance, control, and risk management	46, 156, 163-165			
	207-3	Stakeholder engagement and management of concerns related to tax	46,156, 163-165			
	207-4	Country-by-country reporting	46, 156, 163-164			
Materials						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 301: Materials 2016	301-1	Materials used by weight or volume	73			
	301-2	Recycled input materials used	74			
	301-3	Reclaimed products and their packaging materials		Not Applicable	Not recorded	
Energy						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	71			

GRI Standard	Disclosures	Location	Omission		GRI Sector Standard Ref.No
			Requirement(s) Omitted	Reason	Explanation
	302-2	Energy consumption outside of the organization		Information unavailable	This information is not available at present
	302-3	Energy intensity	71		
	302-4	Reduction of energy consumption	71		
	302-5	Reductions in energy requirements of products and services	64		
Water					
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32		
GRI 303: Water 2018	303-1	Interactions with water as a shared resource	72		
	303-2	Management of water discharge-related impacts	72		
	303-3	Water withdrawal		Information unavailable	This information is not available at present
	303-4	Water discharge		Information unavailable	This information is not available at present
	303-5	Water consumption	72		
Emissions					
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32		
GRI 305: Emissions 2016	305-1	Disclosure direct (Scope 1) GHG emissions	74-78		
	305-2	Energy indirect (Scope 2) GHG emissions	74-78		
	305-3	Other indirect (Scope 3) GHG emissions	74-78		
	305-4	GHG emissions intensity		Information unavailable	This information is not available at present
	305-5	Reduction of GHG emissions	74-78		
	305-6	Emissions of ozone-depleting substances (ODS)		Information unavailable	This information is not available at present
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Information unavailable	This information is not available at present
Waste					
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32		
GRI 306: Waste 2020	306-1	Waste generation and significant waste related impacts	74		
	306-2	Management of significant waste related impacts	74		
	306-3	Waste generated	74		
	306-4	Waste diverted from disposal		Information unavailable	This information is not available at present
	306-5	Waste directed to disposal	74		
Employment					
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	55-57		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	59		
	401-3	Parental leave	59		

GRI Standard	Disclosures	Location	Omission			GRI Sector Standard Ref.No
			Requirement(s) Omitted	Reason	Explanation	
Labor/Management Relations						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	60			
Occupational Health and Safety						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
	403-1	Occupational health and safety management system	58			
	403-2	Hazard identification, risk assessment, and incident investigation	58			
	403-3	Occupational health services	58			
	403-4	Worker participation, consultation, and communication on occupational health and safety	58			
	403-5	Worker training on occupational health and safety	58			
	403-6	Promotion of worker health	58			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	58			
	403-8	Workers covered by an occupational health and safety management system		Information unavailable	This information is not available at present	
	403-9	Work-related injuries	59			
	403-10	Work-related ill health		Information unavailable	This information is not available at present	
Training and Education						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	57			
	404-2	Programs for upgrading employee skills and transition assistance programs	57`			
	404-3	Percentage of employees receiving regular performance and career development reviews	58			
Non-discrimination						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	68			
Freedom of Association and Collective Bargaining						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 407: Freedom of Associatin and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	60			
Child labour						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	68			

GRI Standard	Disclosures		Location	Omission		GRI Sector Standard Ref.No
				Requirement(s) Omitted	Reason	
Local Communities						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	68-69			
	413-2	Operations with significant actual and potential negative impacts on local communities		Information unavailable	This information is not available at present	
Customer health and safety						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	66			
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	66			
Marketing and labelling						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	66			
	417-2	Incidents of non-compliance concerning product and service information and labeling	66			
	417-3	Incidents of non-compliance concerning marketing communications	66			
Customer Privacy						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32			
GRI 418: Customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	65-66			

Period Ended	31st March 2023 (12 Months) Group Rs. 000	31st March 2022 (12 Months) Group Rs. 000	31st March 2021 (12 Months) Group Rs. 000	31st March 2020 (12 Months) Group Rs. 000	31st March 2019 (15 Months) Group Rs. 000	31st December 2017 (12 Months) Group Rs. 000	31st December 2016 (12 Months) Group Rs. 000	31st December 2015 (12 Months) Group Rs. 000	31st December 2014 (12 Months) Group Rs. 000	31st December 2013 (12 Months) Group Rs. 000
Trading Results :										
Revenue **	5,526,469	7,272,125	5,322,786	5,041,418	6,844,458	4,867,250	4,791,256	4,148,657	3,194,513	2,492,702
Profit/(Loss) before taxation **	54,565	37,517	168,719	155,996	115,862	215,119	471,750	456,431	200,357	122,485
Taxation	(28,236)	(10,421)	18,140	(48,097)	(24,690)	(60,003)	(121,426)	(112,292)	(46,159)	(22,686)
Profit after taxation **	26,329	27,096	186,859	107,899	91,171	155,117	350,324	344,139	154,198	99,799
Profit from discontinued operations (net of tax)	-	-	-	-	-	-	-	-	-	8,047
Profit/(Loss) for the Year	26,329	27,096	186,859	107,899	91,171	155,117	350,324	344,139	154,198	107,845
Total comprehensive income for the year, net of tax	(47,367)	138,102	227,844	110,253	206,029	73,011	465,939	348,348	184,814	106,828
Property plant and equipment	1,236,630	1,317,164	1,215,769	1,281,801	1,328,559	1,097,046	979,596	687,251	631,731	620,909
Intangible assets	31,842	36,134	37,360	2,688	3,196	3,832	2,183	983	1,140	638
Right of use asset	15,054	33,119	12,304	27,068	-	-	-	-	-	-
Available for sale financial asset	28,875	27,280	25,305	22,441	24,113	22,850	20,181	20,562	20,696	19,960
Other non-current assets	227	65,691	65,389	72,842	71,516	67,782	4,536	5,993	9,895	14,999
Total non-current assets	1,312,628	1,479,388	1,356,127	1,406,840	1,427,384	1,191,510	1,006,496	714,789	663,462	656,506
Current assets	2,941,362	3,422,752	2,393,248	1,826,047	2,143,016	1,768,999	1,629,150	1,133,449	864,936	839,325
Current liabilities	2,085,163	2,726,013	1,745,562	1,301,980	1,712,946	1,184,847	838,968	431,812	361,908	452,124
Net current assets	856,199	696,739	647,686	524,067	430,070	584,152	790,182	701,637	503,028	387,201
Long term loans	-	-	-	-	-	-	-	-	26,591	74,500
Deferred tax liabilities	265,844	171,139	146,691	249,482	236,078	173,933	74,507	70,686	68,811	56,107
Employee benefits	151,989	145,083	146,040	126,522	118,781	104,595	89,593	77,690	72,512	76,803
Lease liability	-	10,720	-	13,071	-	-	-	-	-	-
Total non-current liabilities	417,833	326,942	292,731	389,075	354,859	278,528	164,100	148,376	167,914	207,410
Total Equity	1,750,994	1,849,185	1,711,082	1,541,832	1,502,595	1,497,134	1,632,578	1,268,050	998,576	836,297
Equity										
Stated capital	211,192	211,192	211,192	211,192	211,192	211,192	211,192	211,192	211,192	211,192
Capital reserves	481,236	573,530	467,454	429,538	436,768	328,951	416,768	308,548	314,130	290,289
Revenue reserves	1,058,566	1,064,463	1,032,436	901,102	854,635	956,991	1,004,618	748,310	473,254	334,816
Share Holders Funds	1,750,994	1,849,185	1,711,082	1,541,832	1,502,595	1,497,134	1,632,578	1,268,050	998,576	836,297
Ratio and Statistics										
Basic earnings per share from continuing operations	1.17	1.20***	8.29 ***	9.6 ***	8.09	13.77	31.09	30.54	13.68	8.86
Basic earnings per share after discontinued operations	-	-	-	-	-	-	-	-	13.68	9.57
Net assets per share at year end (Rs)	77.70	82.05***	79.93 ***	64.8 ***	133.35	132.87	144.88	112.53	88.62	74.22
Return on Average Net Assets %	1.50	1.52	11.00	7.00	6.00	9.91	24.16	30.40	16.80	13.50
Dividends										
Dividends (Rs) *	-	-	58,593	70,424	82,255	118,313	208,455	101,411	78,875	22,536
Dividend cover *	-	-	3.19	1.50	1.11	1.31	1.68	3.4	1.95	4.8
Dividend per share (Rs.) *	-	-	2.60	6.25	7.30	10.50	18.50	9.00	7.00	2.00
Others										
Annual sales growth (%)	-24.0	36.6	6.0	(26)	40.62	1.59	15.49	30	28	-
Inflation rate (%)	49.2(NCPI)	21.5(NCPI)	4.7	4.5	3.7	7.7	3.75	0.93	3.3	6.9
Current ratio	1.41	1.26	1.37	1.4	1.25	1.49	1.94	2.62	2.39	1.86
Investment in fixed assets (Rs.000)	18,162	63,871	60,513	42,553	171,699	176,859	216,420	108,966	28,416	80,117
Market value of share	46.00***	54.50***	49.10 ***	59.8	62.6	118.1	137.5	176.7	77.1	65

* Includes authorised final dividends.

** 2013 constitute results from continuing operations

*** Subsequent to the sub - division of shares

A

ACCOUNTING POLICIES

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

AMORTISATION

The expense of writing off over a fixed period, the initial value of an intangible asset such as goodwill, patents etc.

ASSET TURNOVER

Total revenue divided by average total assets Available-for-Sale All assets not in any of the three categories namely held to maturity fair value through profit or loss and loan and receivables. It is a residual category does not mean that the entity stands ready to sell these all the time.

AWPLR

The Average Weighted Prime Lending Rate is Calculated by the Central Bank weekly, monthly and half yearly based on commercial banks Lending rates offered to their prime customers.

B

BORROWINGS

All interest bearing liabilities.

C

CAPITAL EMPLOYED

Total assets less interest free liabilities, deferred income and provisions.

CAPITAL RESERVES

Reserves identified for specific purposes and considered not available for distribution.

CAPITAL EXPENDITURE

The total of additions to property, plant & Equipment, intangible assets, investment Property and the purchase of outside Investments.

CREDIT RISK

Risk that the counterparty to a transaction fails to meet its contractual obligations

in accordance to the agreed terms and conditions.

CARRYING AMOUNT

The amount at which as asset is recognised in the statement of financial position.

CASH EQUIVALENTS

Liquid investments with original maturity periods of three months or less.

CONTRACT

An agreement between two or more parties that has clear economic consequences that the parties have little, if any discretion to avoid usually because the agreement is enforceable by law.

CONTINGENT LIABILITIES

Conditions or situations at Reporting date the financial effect of which are to be determined by future events which may or may not occur.

CURRENT RATIO

Current assets divided by current liabilities.

A measure of liquidity.

D

DEBT

Total liabilities, excluding deferred income.

DEBT RATIO

Total liabilities divided by total assets.

DEFERRED TAXATION

The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

DIVIDEND COVER

Profit attributable to ordinary shareholders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PAYOUT

Dividend per share divided by earnings per share.

DIVIDENDS PER SHARE (DPS)

Dividends paid and proposed, divided by the number of issued shares, which ranked for those dividends.

DIVIDEND YIELD

Dividend per share divided by the market value of a share.

E

EARNINGS PER SHARE

Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

EFFECTIVE RATE OF INTEREST

Total long-term and short-term interest divided by average long-term and short-term liabilities at the beginning and end of the year.

EQUITY

Shareholders' funds.

F

FINANCIAL ASSET

Any asset that is cash or an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity or a contractual right to exchange financial instruments with another entity under conditions that are potentially favorable.

FINANCIAL LIABILITY

A contractual obligation to deliver cash or another financial asset to another entity or exchange financial instruments with another entity under conditions that are potentially unfavorable.

FAIR VALUE

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transactions.

FINANCIAL INSTRUMENTS

Financial instrument is any contract that gives rise to both a financial assets in one entity and a financial liability or equity instrument in another entity.

G**GEARING**

Proportion of borrowings to capital employed.

GROSS DIVIDEND

Portion of profits inclusive of tax withheld, distributed to shareholders.

H**HELD-TO-MATURITY**

Debt assets acquired by the entity with positive intention to be held-to-maturity.

I**INTANGIBLE ASSETS**

An identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services for rental to others or for administrative purposes.

INTEREST COVER

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying value.

L**LIQUIDITY RISK**

The risk of an entity having constraints to settle its financial liabilities. Loans and receivables
A financial asset with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets.

M**MARKET CAPITALISATION**

Number of shares in issue multiplied by the market value of a share at the reported date.

N**NET ASSETS PER SHARE**

Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

NON-CONTROLLING INTEREST

Equities in a subsidiary not attributable, directly or indirectly, to a parent.

NET PROFIT MARGIN

Net profit for the period divided by the revenue.

P**PRICE EARNINGS RATIO**

Market price of a share divided by earnings per share as reported at that date.

Q**QUICK ASSET RATIO**

Total current assets less inventories divided by total current liabilities.

R**RELATED PARTIES**

Parties who could control or significantly influence the financial and operating policies of the business.

RETURN ON AVERAGE NET ASSETS EQUITY

Attributable profits divided by average shareholders' funds/total equity.

REVALUATION SURPLUS

Surplus amount due to revaluing assets in accordance with its fair value.

REVENUE RESERVES

Reserves considered as being available for distributions and investments.

S**SEGMENT**

Constituent business units grouped in terms of similarity of operations and location.

T**TOTAL EQUITY**

Total of share capital, reserves, retained earnings and non-controlling interest.

V**VALUE ADDITION**

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

W**WORKING CAPITAL**

Capital required to finance the day-to-day operations.

NOTES

222 NOTICE OF ANNUAL GENERAL MEETING

REGNIS (LANKA) PLC

Company Number PQ 191

NOTICE IS HEREBY GIVEN THAT THE THIRTY SIXTH ANNUAL GENERAL MEETING OF REGNIS (LANKA) PLC will be held on Thursday, 29th June 2023 at 9.00 a.m. at the Conference Hall of Hayleys PLC, No. 400, Deans Road, Colombo 10 for the following purposes:

1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2023, 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. M.H. Jamaldeen, who retires by rotation at the Annual General Meeting in terms of Article 24(4) of the Articles of Association of the Company.
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.

Ordinary Resolution

'That, Mr. Abeyakumar Mohan Pandithage, who has attained the age of seventy two 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 him.'

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 2023/24 and to authorise the Directors to determine their remuneration.
7. To consider and if thought fit, to pass the following Special Resolutions to amend the existing Articles in the Articles of Association of the Company,

Special Resolution (1)

That Article 13 (2) be amended as follows;

13 (2) 'A quorum for a meeting of shareholders is present if three (03) shareholders are present in person or through audio visual communication by themselves or by their proxy.'

Special Resolution (2)

That Article 15 (2) be amended as follows:

15 (2) 'In the case of a meeting of shareholders held under paragraph (b) of article 12, unless a poll is demanded, voting at the meeting shall be by shareholders signifying individually their assent or dissent by voice.'

By Order of the Board
REGNIS (LANKA) PLC

HAYLEYS GROUP SERVICES (PRIVATE) LIMITED

Secretaries

Colombo
30th May 2023

Notes to shareholders:

1. The Annual Report of the Company for 2022/23 is available on the corporate website www.singersl.com and on the Colombo Stock Exchange website - www.cse.lk.
2. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the office of the Company Secretaries at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.
3. For your reference, the existing Articles are available in the Colombo Stock Exchange website - www.cse.lk.
4. A shareholder who requires a hard copy of the Annual Report must post or handover the duly completed 'Request Form' to the office of the Secretaries.

FORM OF PROXY

223

REGNIS (LANKA) PLC
Company Number PQ191

REGNIS (LANKA) PLC
ANNUAL REPORT 2022/23

I/We full name of Shareholder
NIC No./Reg. No. of Shareholder
of being Shareholder/Shareholders
of REGNIS (LANKA) PLC hereby appoint:
1..... full name of proxyholder
NIC No./Reg. 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 the Company as my/our proxy to attend and vote as indicated hereunder for me/us and on my/our behalf of at the Thirty Sixth Annual General Meeting of the Company to be held on Thursday, 29th June 2023 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
1. To adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Mr. S.C. Ganegoda, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as a Director Mr. M.H. Jamaldeen, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Mr. A. M. Pandithage as a Director, in terms of Section 211 of the Companies Act No.07 of 2007.	<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 2023/24 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
7. To pass the Special Resolutions to amend the Articles of Association of the Company as set out in the notice		
Special Resolution (1)	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution (2)	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this day of2023.

.....
Signature of Shareholder

(Instructions are given overleaf)

Instructions:

1. The completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Private) Limited, at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the start of the meeting. **Delayed Proxy Forms shall not be accepted.**
2. A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/her and the Proxy need not be a Shareholder of the Company.
3. Full name of Shareholder/Proxy holder and their NIC Nos. are mandatory. Your Form of Proxy will be rejected if these details are not completed.
4. A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
5. The duly completed Form of Proxy must be dated and signed by the Shareholder.
6. 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 can vote as he/she thinks fit.
7. In the case of a company/corporation the proxy must be executed in the manner prescribed by its Articles of Association or by a duly authorised Director.
8. 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.
9. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.

CORPORATE INFORMATION

GENERAL

Name of the Company
Regnis (Lanka) PLC

Legal Form

A Public Limited Liability Company quoted in the Colombo Stock Exchange. Incorporated on 3rd June 1987 under the Company Act no. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007

Company Registration Number
PQ 191

Accounting Year End
March 31

Registered Office

No 52, Ferry Road, Off Borupana Road, Ratmalana, Sri Lanka.
Tel: 0112622641, 0112635408
Fax: 0114216003, 0112622032

Tax Payer Identification Number (TIN)
134001488

Company Secretaries / Registrars
Hayleys Group Services (Private) Limited
No. 400, Deans Road, Colombo 10
Tel: 0112627650

Auditors

KPMG
Chartered Accountants
No 32A, Sir Mohamed Macan Markar Mawatha, Colombo 3. Sri Lanka

Bankers

Commercial Bank
National Development Bank
Hatton National Bank
Sampath Bank
Seylan Bank
People's Bank
Bank of Ceylon
DFCC Vardhana Bank
Cargills Bank

Legal Advisors

Neelakandan & Neelakandan
Attorneys -at-Law
M&N Building (Level 5),
No. 02 Deal Place,
Colombo 03

Management Team

Mr. K D Kospelawatta
Factory Director
Mr. W K A P Wettewa
Factory Manager - Regnis Appliances (Pvt) Ltd

Ms. S Edirisinghe
Senior Manager-Human Resources
Mr. M Ranasinghe
Senior Materials Manager
Mr. K K Atukorala
Manager-Financial Reporting
Mr. A Amarasinghe
Senior Warehouse Manager
Mr. M D D Prabhath
Senior Production Manager
Mr. D.R.Sankha Bandara
Senior Commercial Manager
Mr. A S Kendasinghe
Senior Manager-Information Technology
Ms. G K G R Lakmali
Accountant
Mr. D W P Kandage
Senior Engineer-Quality Assurance
Mr. R G L S Rajapaksha
Factory Engineer
Mr. I K C A P Iluppitiya
Assistant Accountant-Regnis Appliances (Pvt) Ltd
Mr. D H S R Madhusankha
Senior Accounts Executive- Regnis Appliances (Pvt) Ltd
Ms. S A W M R S C Aranwela
Commercial Executive
Mr. O S Kapilasiri
R & D Executive

BOARD OF DIRECTORS AND SUB-COMMITTEES

Board of Directors

Mr. A M Pandithage
Chairman (Executive)
Mr. M H Wijewardene
Group Chief Executive Officer
Mr. S C Ganegoda
Mr. M H Jamaldeen
Mr. N L S Joseph
Mr. K D G Gunaratne
Mr. D K De S Wijeyeratne
Mr. K D Kospelawatta
Mr. M Irzan
(Alternate to K D Kospelawatta)
Mr. V J Shanil Perera
(Alternate to M.H. Wijewardene)

Board Sub-Committees :

Board Nomination Committee

Board Nomination Committee of the Parent Company, Singer (Sri Lanka) PLC functions as the Board Nomination Committee of Regnis (Lanka) PLC
Mr. A M Pandithage - Chairman
Mr. M H Jamaldeen
Mr. K D D Perera (resigned with effect from 10th June 2022)

Board Audit Committee

Board Audit Committee of Parent Company, Singer (Sri Lanka) PLC functions as the Board Audit Committee of Regnis (Lanka) PLC
Mr. D K De S Wijeyeratne - Chairman
Mr. D Sooriyaarachchi
Mr. M H Jamaldeen

Related Party Transactions Review Committee

RPT Review Committee of Parent Company, Singer (Sri Lanka) PLC functions as the RPT Review Committee of Regnis (Lanka) PLC
Mr. D Sooriyaarachchi - Chairman
Mr. D K De S Wijeyeratne
Mr. M H Wijewardene

Board Remuneration Committee

Remuneration Committee of Parent Company, Singer (Sri Lanka) PLC functions as the Remuneration Committee of Regnis (Lanka) PLC
Mr. M H Jamaldeen - Chairman
Mr. D D Sooriyaarachchi
Mr. D K De S Wijeyeratne
Mr. A M Pandithage (Observer)

PARENT, SUBSIDIARY AND RELATED COMPANIES

Parent Company

Singer (Sri Lanka) PLC

Ultimate Parent Company

Hayleys PLC

Subsidiary Company

Regnis Appliances (Pvt) Ltd

Related Companies

Singer Industries (Ceylon) PLC
Reality (Lanka)Ltd

For any clarification on this report,
Please write to The Chief Financial Officer
Regnis (Lanka) PLC
No. 52, Ferry Road,
Off Borupana Road,
Ratmalana, Sri Lanka
kanchanaa@singersl.com
Tel: 0112622641, 0112635408
Fax: 0114216003, 0112622032

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