

STAYING TRUE TO **OUR** **VALUES**



STAYING TRUE TO OUR VALUES

As we complete two decades of excellence, we look back on our transformative journey which has been shaped by a strong sense of values. These values have been the compass that directed our actions, serving as a strong bedrock of strength. Our values have defined our identity for who we are, what we stand for and how we navigate through a dynamic and complex business environment. This has been a hallmark of our success and the enduring relationships that we have built with our customers and other stakeholders over the years.

As we move ahead, our values continue to empower and inspire us towards new vistas as we set our sights high to grow to the next dimension of success.

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Digital Version



ABOUT THIS REPORT



SINGER FINANCE (LANKA) PLC

ANNUAL REPORT 2023/24

Scope and Boundary

GRI 2-1, GRI 2-2, GRI 2-3

Our Annual Report 2023/24 themed 'Staying True to Our Values' highlights the Company's overarching focus of integrity, transparency and responsibility in all its operations. The Company's success over the last two decades has been driven by its strong focus on core values.

We are pleased to present to you the Integrated Annual Report of Singer Finance (Lanka) PLC ("the Company") for the year ended 31st March 2024.

We have endeavored to place before you, our valued shareholders, a balanced review of financial, environmental and social impacts of our operations, within a strong governance structure creating value for our communities while contributing positively to the national economy in a concise yet transparent, comprehensive, and an accurate manner.

The Report encompasses the operations of Singer Finance (Lanka) PLC, and reports on both, financial and non-financial aspects for the financial year 2023/24. Its primary intention is to present the information required by the shareholders and conform to regulatory requirements, while giving an account of the many aspects of our operations to all our stakeholders.

Reporting Improvement in the FY 2023/24

We have included the following, in improving our Report:



Integrated Reporting Framework of the International Integrated Reporting Council (<IR > Framework)



Adoption of the GRI tags



Disclosure required by the Sustainability Accounting Standards Board (SASBs)



Disclosures required under the Task Force on Climate-Related Financial Disclosures (TCFD)

Reporting Framework

Financial Reporting

Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

The Companies Act No. 7 of 2007 and The Finance Business Act No. 42 of 2011

Listing Rules of the Colombo Stock Exchange

Non-Financial Reporting

Global Reporting Initiative (GRI) Standards

Guidance on Environmental, Social and Governance (ESG) Reporting issued by the Colombo Stock Exchange

Gender Parity Reporting Framework published by CA Sri Lanka

Reporting Framework

Financial Reporting

Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including directives and circulars

Integrated Reporting Framework of the International Integrated Reporting Council

Non-Financial Reporting

Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka

Task Force on Climate-related Financial Disclosure (TCFD)

Companies Act No.7 of 2007

Finance Business Act No. 42 of 2011

Sri Lanka Financial Reporting Standards/ Sri Lanka Accounting Standards

Listing Requirements of the Colombo Stock Exchange

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REPORT
2023/24

Integrated Reporting Framework of the International Integrated Reporting Council (<IR> Framework)

GRI Standards (2021)

Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka

TCFD Recommendations

UN Sustainability Development Goals (SDGs)

- Gender Parity Reporting Framework published by CA Sri Lanka

Guiding Principles

The following principles were applied in preparing the Report to provide a credible review of our performance and operations.

- ★ **Reliability** – Internal controls and processes currently implemented deliver reliability of both financial and non-financial information.

- ★ **Conciseness** – We have covered all critical matters in a complete but a concise manner.

- ★ **Authentic presentation** – A balanced view, based on positive or negative outcomes are reported in a faithful manner.

- ★ **Materiality** – Material matters are identified and reported in a responsible manner.

- ★ **Ensuring Integrated Reporting** – Icons are used to integrate the variety of topics that are reporting, giving connectivity of information.

- ★ **Inclusion of International Standards in Reporting** – GRI tagging, SASB and TCFD are used to ensure compliance with the required international standards.

Restatement of Information

GRI 2-4

There is no re-statement of financial or non-financial information which was audited last year, unless otherwise related to 2023/24 operations.

Forward Looking Statements

Forward-looking statements included in this Report discuss the possible future financial position and results of the Company's operations. These statements, however, involve an element of risk and uncertainty due to external and possible internal reasons that cannot be accurately predicted now. Therefore, the accuracy of these statements can vary as events unfold and the impacts may at times be beyond the control of the Company.

We do not undertake to update or revise these statements publicly in the event of a change of circumstances nor does the Board or other preparers of the Annual Report undertake any liability towards the impacts of any unprecedented negative events arising out of the volatile global or local macro-economic environment.



ABOUT THIS REPORT

Audit and Assurance

GRI 2-5

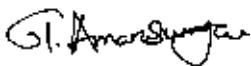
The Company adheres to both internal and external models in audit and assuring.

The company undertook a combined assurance approach to verify the accuracy and completeness of this integrated report. Accordingly, Messrs. KPMG, Chartered Accountants have provided an independent assurance for the Financial Statements and provided Assurance on the Sustainability indicators.

The Board Responsibility

The Board of Directors is responsible for ensuring the integrity and the accuracy of this Integrated Report. The Board hereby confirms that in their opinion this Report provides all material issues and presents the Company's performance in a fair manner and is prepared in accordance with the Framework.

Signed on behalf of the Board.



Thushan Amarasuriya
Executive Director / CEO
7th May 2024

Navigating our Report

Capitals



Financial Capital



Manufactured Capital



Human Capital



Intellectual Capital



Social and Relationship Capital



Natural Capital

Stakeholders



Customers



Employees



Business Partners



Regulators



Investors



Community



Governance



Risk and Opportunities

Feedback and Inquiries

GRI 2-3

We value your feedback which will help us to improve the comprehensiveness of our report for the new financial year. Please contact the following Officer for enquiries regarding the Annual Report. You can also forward your suggestions to:

Head of Finance,
Singer Finance (Lanka) PLC
No 498, Galle Road, Colombo 3



Email: erajf@singersl.com

ABOUT OUR COMPANY

Our strong heritage rooted in enduring values has created a bedrock of stability. As we evolve and move ahead to the future we are guided by this foundation which shapes our journey.



SINGER FINANCE

SINGER FINANCE (LANKA) PLC

About Singer
Finance



About Us

Singer Finance (Lanka) PLC is a subsidiary of Singer (Sri Lanka) PLC. The Company was incorporated on 19th April 2004 to operate as a finance leasing entity within the provisions of the Finance Companies Act No 78 of 1988 as amended by the Act No 23 of 1991 which was subsequently replaced by the Finance Business Act No 42 of 2011.

Vision

To be the Foremost Finance Company in Sri Lanka.

Mission

To provide the most useful and ethical financial services to our customers by creating an experience that builds lasting relationships.

Purpose Statement

Empowering Futures, Enriching Lives, Building Trust and Driving Prosperity

At Singer Finance, we empower individuals and businesses, fostering sustainable growth and prosperity. Our commitment to ethical, innovative and customer-centric financial services builds trust and nurtures enduring relationships. With integrity as our cornerstone, we drive economic empowerment, financial inclusion and social impact. Our purpose is to make a meaningful difference in the lives of all our stakeholders, shaping a future of accessible, attainable and sustainable financial well-being.

Our Values

Lead with respect

Demonstrate responsibility and integrity

Improve and innovate passionately

Collaborate for success

Respond with agility

Drive sustainability

Overview of the Company

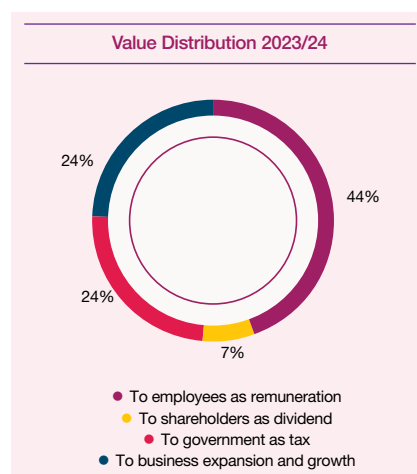
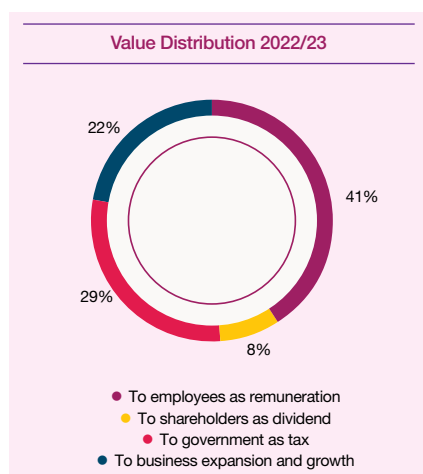
Singer Finance is a mid-sized finance company licensed by the Central Bank of Sri Lanka. The Company offers a wide spectrum of lending, deposit and transactional solutions to cater to a wide clientele comprising of individuals and the SME sector. A wide range of investment products are offered through fixed deposits and savings deposits. In recent years the company has refined its digital capabilities by widening the products and services offered through digital platforms facilitating digital onboarding through partnerships with other fintech banking solutions.

Over the years, we have steadily expanded and diversified our product offerings whilst deepening our outreach with a network of 52 branches. The Company is a subsidiary of Singer (Sri Lanka) PLC, Sri Lanka's premier manufacturer and retailer of consumer durables which is a part of the Hayleys Group, one of Sri Lanka's largest and most diversified conglomerates. We draw strength of this lineage as we pursue new opportunities founded on a strong bedrock of trust, confidence and customer service.

VALUE ADDED STATEMENT

As we reflect on the past year, we take immense pride in the value we have added to our stakeholders. Our unwavering commitment to innovation, exceptional customer service and strategic growth has strengthened our position in the market. By fostering strong relationships with our customers, employees, partners and regulators we have enhanced our brand equity and contributed positively to sustainable development and community service. Our relentless pursuit of excellence and our dedication to sustainable practices have been key drivers of our success. Looking ahead, we remain steadfast in our mission to create lasting value for all our stakeholders.

Year Ended 31 March	2023/24		2022/23	
Financial Performance	Rs.		Rs.	
Income Earned by Providing Financial Services	7,572,616,014		7,142,823,353	
Cost of Services	(6,003,231,935)		(5,479,963,749)	
Value Added by Financial Services	1,569,384,079		1,662,859,604	
Non-Financial Income	540,755,013		410,076,961	
Impairment Provision Reversal	126,973,390		43,503,798	
	2,237,112,482		2,116,440,363	
Value Allocated				
To Employees as Remuneration	988,664,822	44%	876,036,238	41%
To Shareholders as Dividend	161,659,260	7%	161,659,260	8%
To Government as Tax				
- Income Tax	226,326,142	10%	306,025,823	14%
- FS VAT	319,855,562	14%	316,712,745	15%
To Business Expansion and Growth				
- as Depreciation	276,194,216	12%	245,118,385	12%
- as Retained Earnings	242,575,684	11%	247,384,706	12%
- as Deferred Taxation	21,836,797	1%	(36,496,794)	-2%
	2,237,112,482	100%	2,116,440,363	100%



OUR PERFORMANCE IN 2023/24

Financial Highlights

For the year ended 31 March	2024	2023	Change
Financial Performance (Rs'.000)			
Gross Income	8,113,371	7,552,900	7.4%
Interest Income	7,572,616	7,142,823	6.0%
Interest Expense	4,792,620	4,528,451	5.8%
Profit Before Tax	652,398	678,573	(3.9%)
Income Tax Expense	248,163	269,529	(7.9%)
Profit After Tax	404,235	409,044	(1.2%)
Revenue remitted to the Government	1,068,054	771,494	38.4%
Financial position at the year end (Rs'.000)			
Total Equity	5,214,299	4,975,248	4.8%
Deposits from Customers	22,179,511	19,195,604	15.5%
Leases, Loans & Advances	27,709,847	24,197,299	14.5%
Total Assets	36,594,444	31,948,839	14.5%
Growth In Advances (%)	14.52	(8.17)	22.69
Growth In Deposits (%)	15.54	56.12	(40.58)
Investor Information			
Earnings per Share (Rs.)	2.00	2.02	(1.0%)
Net Assets per Share (Rs.)	25.80	24.62	4.8%
Price Earning Ratio (Times)	6.20	5.58	11.1%
Ratios			
Gross Non-Performing Advances Ratio (%) 90 Days	10.25	17.11	(6.86)
Net Non - Performing Advances Ratio (%) 90 Days	6.29	12.05	(5.76)
Non Interest Expense to Gross Income (%)	32.89	31.06	1.83
Gross Interest Margin (%)	36.71	36.60	0.11
Net Interest Margin (NIM) (%)	9.58	9.41	0.17
Return On Assets (%)	1.18	1.32	(0.14)
Return On Average Shareholder's Fund (%)	7.93	8.44	(0.51)
Interest Cover (Times)	1.14	1.15	(0.01)
Gearing Ratios			
Equity: Interest Bearing Liabilities (Times)	0.18	0.20	(0.02)
Debt: Equity Ratio (Times)	5.67	5.08	0.59
Quick Assets Ratio (Times)	1.01	1.33	(0.32)
Fitch Rating	BBB[ika]	BBB+[ika]	
Statutory Ratios			
Liquid Assets (%)	29.20	21.18	8.02
Core Capital Ratio (%) - (Minimum requirement 8.5%)	15.62	20.01	(4.39)
Regulatory Capital to Risk Weighted Assets (%) (Minimum requirement 12.5%)	18.54	25.60	(7.06)
Shareholders Funds : Public Deposits % (Minimum of 10%)	23.51	25.92	(2.41)

Non-Financial Highlights

Manufactured Capital	Human Capital	Social and Relationship Capital	Intellectual Capital	Natural Capital
52 Branches Added 2 branches during the year	942 Employees Including 666 Males & 276 Females	117,000+ Customers	Rs. 93.4 Million Investment towards brand building	2,510 Trees planted
Digital Capabilities Established a security operations centre to capture any cyber infiltrations and created online channels to facilitate customer interaction with the company	Great Place to Work Certified with a 86% satisfaction rating for the 6th consecutive year	Rs. 1.4 Million Investment in CSR Projects	Rs. 21.1 Million Investment in IT infrastructure	5,280 Kgs of paper recycled
Investment of Rs. 153 Million to upgrade & enhance the Company's Manufactured Capital	Asia's Best Workplaces Among the top companies in Asia and adjudged Best in Asia in 2021 & 2022	66.2% Customer Retention	74K Facebook Followers 1.1K Instagram Followers 19K Tiktok Followers	Helped to reduce Green House Gas Emission by 5,280 Kg of Carbon Equivalent
Expanded and rebranded 3 branches during the year	Training and Development Rs. 7.1 Million invested in training and development during the year, 60 training programs. And 12,144 training hours	Strong Relationships with a base of over 255 business partners spread across the island	70K Facebook Likes 84K Tiktok Likes	Saved 90 fully grown trees
Introduction of Customer Relationship Managment (CRM) Tool	Fair Remuneration Rs 989 Million in remuneration to employees Medical and Health Insurance Rs. 24 Million invested in health insurance	Rs. 2,219 Million payments facilitated through digital portals	Advanced Data Security and Cyber Security measures implemented	Green Initiatives; Tree for Every Tuk Tuk Growing Dreams Green Branches Sustainability Training Programmes
Introduction of Recovery Module	209 Employees were promoted to the next level in their career	69,492 Customers	Strong Brand and Expansive Visibility	Green Financing with Singer Finance Solar Loan Plan

A YEAR OF MILESTONES AND ACHIEVEMENTS

Reflecting on Our Journey

2023/24 has been a year of remarkable achievements and significant growth for our company. From expanding our branch network to being recognised for excellence in various fields, we have much to celebrate. Here's a detailed look at the milestones we reached this year.

Branch Expansion

Opening of 51st Branch in Ambalangoda

- Overview:** We proudly opened our 51st branch in the vibrant town of Ambalangoda, bringing our services closer to the community.



Opening of 52nd Branch in Kalmunai

- Overview:** Continuing our expansion, we inaugurated our 52nd branch in Kalmunai.

Employee and Workplace Recognition

Best Workplace in Sri Lanka by the Great Place to Work Institute

- Overview:** We were honoured as one of the Best Workplaces in Sri Lanka for the fifth consecutive year, earning the prestigious 5 Years Legends Award.



Reaching 900 Employee Capital

- Overview:** Our team grew to 900 dedicated employees, marking a significant expansion of our workforce.

Financial Milestone

Reaching 20 Billion Customer Deposit Base

- Overview:** We achieved a major financial milestone by surpassing a Rs. 20 billion deposit base, reflecting the trust and confidence our customers place in us.

Environmental Initiatives

Planting 2510 Trees as a Give-back to the Environment Initiative

- Overview:** In a significant environmental initiative, we planted 2,510 trees, reaffirming our dedication to sustainability and environmental stewardship.



Awards and Recognition

"Merit Award" at CMA Excellence in Integrated Reporting Awards 2023

- Overview:** We received the Merit Award at the CMA Excellence in Integrated Reporting Awards, recognising our commitment to transparency and comprehensive reporting.



Annual Reporting Excellence at the CA (Sri Lanka) TAGS Awards 2023

- Overview:** We were honored for Annual Reporting Excellence at the CA (Sri Lanka) TAGS Awards, celebrating our efforts in maintaining superior reporting practices.



RESPONSIBLE STEWARDSHIP

Value-centric leadership is about leading with purpose and conviction. Every decision reflects our commitment to uphold principles positioning us towards an ethical, sustainable and inclusive future.



CHAIRMAN'S MESSAGE



In our steadfast commitment to sustainability and responsible finance, Singer Finance has meticulously aligned its ESG strategy with industry best practices.

Singer Finance delivered a resilient performance, recording top line growth of 7% and Profit After Tax of Rs.404 Mn for the year ended 31st March 2024 in a year characterised by considerable volatility. It is my pleasure to present to you the Annual Integrated Report and Financial Statements which presents a concise and balanced view of the performance of the Company for the year ended 31st March 2024.

Cautious optimism

The financial year commenced with high inflation at 35% exerting unprecedented pressure on household budgets. Price levels were elevated as inflation in 2022 reached a high of 69% in September 2022, declining thereafter in response to targeted monetary policy measures. Although on a decreasing trend, Interest rates remained relatively high with the Average New Fixed Deposit Rate at 21% and the Average New Lending Rate at 24% deterring credit growth. The monetary policies were targeted to discourage aggregate expenditure to stabilise the economy. The first quarter of the financial year followed the pattern of the previous 5 quarters, recording negative economic growth.

The second quarter commenced with the completion of the domestic debt restructuring which elevated uncertainty in the financial markets.

Improved foreign exchange liquidity enabled the gradual easing of import restrictions from June to October 2023. Inflation declined to a single digit, reaching 1.5% by September 2023. International tourist arrivals surged, restoring foreign exchange inflows which were boosted further by increased inflows from migrant worker's remittances. Importantly, the quarter ending September 2023 recorded positive GDP growth of 1.6 % after 6 quarters of negative growth, uplifting the mood of consumers and businesses alike to one of cautious optimism. The fourth quarter of 2023 consolidated the positive trends and recorded positive GDP growth of 4.5% with all three sectors consolidating the progress made in the previous quarter.

Review of the sector

The Non-Banking Financial Institutions (NBFI) Sector recorded resilient and cautious growth despite the challenging operating environment. Attractive interest rates saw customer deposits increase by 8.2% during 2023 which continues to be the main source of funding for this sector as deposits accounted for 78% of total funding of NBFIs. A lack of appetite for credit coupled with high interest rates that deterred borrowing led to a 3.2% contraction of the Loans & Advances portfolio. However, Total assets of NBFIs increased by 5.1% to Rs.1.69 Tn

as at end December 2023 largely driven by increased investments in government securities. Loans and advances accounted for 69% of Total Assets of the sector. Asset quality of the NBFI sector weakened as Gross Stage 3 loans moved up from 17.4% to 17.8% reflecting both a deterioration in credit quality and a change in the classification of Stage 3 loans which was tightened from 120 days to 90 days in April 2023. The sector remained well capitalised and liquid throughout the calendar year buoyed by the investments in government securities.

A resilient performance

Singer Finance recorded a modest top line growth of 7.4% to Rs. 8 Bn supported by portfolio growth. It is noteworthy that the Company strengthened recoveries to reverse impairment charges for the second consecutive year with a write back of Rs.127 Mn in 2023/24 compared to Rs. 44 Mn in the previous year. Increased operating income and the reversal of impairment charges enabled Singer Finance to record Profit Before Tax on financial services of Rs. 972 Mn, filtering down to Profit After Tax of Rs. 404 Mn which was marginally below the previous year.

The balance sheet grew by 15% due to cautious lending, reaching Rs. 27.7 billion by the end

of March 2024. This amounted to 76% of total assets, similar to the previous year, mainly due to increased investments in government securities. The regulatory liquidity ratio improved from 21.2% to 29.2% by March 31, 2024, driven by money market investments, remaining above the average for LFCs of 21.2%. as of December 31, 2023. Tier 1 and Tier 2 Capital Adequacy Ratios decreased from 20% to 15.6% and 25.6% to 18.5% respectively by March 31, 2024, but remained well above the regulatory minimum requirement for LFCs as of March 2024.

Stewardship Managing Risk

The uncertainty in the environment necessitated higher levels of vigilance during the year. The Board Integrated Risk Management Committee and the Board Audit Committee maintained a higher level of probity to identify early warning signs and initiated significant improvements to strengthen recoveries, risk management and internal controls. Cybersecurity was another area of concern and steps were taken to strengthen monitoring while threats were assessed by an external consultant to provide assurance to BIRMC and the Board on the effective functioning of controls over this escalating risk. The Company has also initiated mechanisms to strengthen the identification and monitoring of its sustainability and ESG-related risks and opportunities.

Governance

The Board noted the issue of Listing Rule #9 on Corporate Governance by the Colombo Stock Exchange during the year and has complied with the requirements of the same for and up to 1st April 2024. Plans are in place to ensure compliance with the remaining provisions by the stipulated dates. During the year, the Company also adopted the Bribery and Anti-Corruption Policy and the Shareholder and Investor Communications Policy launched by the Hayleys Group. The Board also noted the issue of the revised Code of Best Practice on Corporate Governance in December 2023 with an effective date of April 2024 and considerable changes in ESG and sustainability integration. As a result, Singer Finance is compliant with most of the provisions, particularly as we are also compliant with CBSL requirements. The launch of IFRS Sustainability Reporting Standards in 2023 and their adoption by the Institute of Chartered Accountants of Sri Lanka is also relevant as it has a number of provisions that affect corporate governance.

The new provisions relating to sustainability will be reviewed and implemented in due course, with guidance from the parent company Singer (Sri Lanka) PLC and its parent company Hayleys PLC. During the year, the Board was also strengthened with the appointment of Mr. Dhammika Siriwardene as an Independent, Non-Executive Director.

Integrating ESG

In our steadfast commitment to sustainability and responsible finance, Singer Finance has meticulously aligned its ESG strategy with industry best practices. Leveraging the expertise within the Hayleys Group, we have integrated our approach with the Hayleys Lifecode, ensuring that our operations not only comply with regulatory requirements but also contribute positively to sustainable development goals. Our ESG aspirations also center on supporting Sri Lanka's transition to a low-carbon economy through promoting green and sustainable lending. Furthermore, our proactive alignment with the Roadmap for Sustainable Finance issued by the Central Bank of Sri Lanka underscores our dedication to fostering sustainable practices within the financial sector. As we prepare to launch a comprehensive ESG roadmap approved by our Board of Directors, transparency and accountability remain paramount in our sustainability efforts. Through regular monitoring and reporting, we aim to mitigate risks and capitalise on opportunities for value creation and positive societal impact.

Outlook

Sri Lanka is forecast to record positive GDP growth in 2024, consolidating the trend observed in the second half of 2023. Stability in pricing, lower interest rates and easing of foreign exchange restrictions provide a more conducive environment for credit growth although concerns remain on the quality of credit. However, it is noteworthy that the industry witnessed the strengthening of credit recovery processes considerably and consistently over the past 4 years, supporting cautious expansion of credit portfolios.

Singer Finance plans to increase its branch network to expand its customer base, driving deposits and portfolio growth. Managing interest rate risks will be key to profitability as interest rates stabilise within a narrower band. Gold loans are a potential area of growth as it is a structured product which is easily understood by customers and is commonly

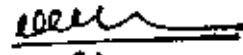
used in case of emergencies. The Board is mindful of the increased exposure to commodity risk as a consequence and have set up mechanisms to monitor this risk accordingly. We will continue to seek opportunities to address sustainability through innovative products as we did this year, by fully integrating sustainability into our business objectives.

We are cognisant that the country's recovery is in its early stages with potential downside risks that could set back the progress. The Board will continue to monitor the evolving landscape to identify early warning signs and initiate precautionary and remedial measures if required.

Acknowledgements

I commend the able leadership of Mr. Mahesh Wijewardene, Group CEO and Mr. Thushan Amarasuriya, who have led the team at Singer Finance through a difficult year. I thank the team at Singer Finance for their diligent work that supported the results set out in this report. I extend my thanks to Mr. Mohan Pandithage, the Chairman of our parent company and fellow Board members for their steadfast support. I want to express my appreciation of Mr. Jayanth Perera as he retires from his role as the Senior Independent Director.

I place on record the cooperation and guidance provided by the officials of the Central Bank of Sri Lanka. In closing, I thank our customers and business partners for their trust and confidence in Singer Finance (Lanka) PLC and seek their continued support in the year ahead.



Aravinda Perera
Chairman

Colombo
7th May 2024

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW



The necessity for digital adaptation into new systems is paramount in the current era.

The continuous development of these systems represents the path forward and is a strategic priority

Dear Stakeholder,

Strategic foresight and meticulous execution enabled Singer Finance to remain financially and operationally resilient in a year characterised by numerous challenges. The year was marked by two distinctly different first and second six months. Agility in decision-making and timely interventions allowed the Company to retain customer relationships maintain its market position.

In the preceding one and a half years, we were confronted with a multitude of challenges, which included escalating inflation, volatile exchange rates, high interest rates and a struggling tourism sector that was recuperating from a severe setback. These adversities posed significant hurdles to our operations and growth. The inflationary pressures eroded purchasing power, while the shortages in foreign exchange introduced uncertainty in the country's international transactions, with prohibitions on a large repertoire of imported items and vehicles, that are generally the product range for leasing and financing. Furthermore, the tourism industry, a vital part of our business, was reeling from the catastrophic economic downturn, resulting in subdued demand that depleted our bottom lines.

However, the latter half of the year ushered in a period of gradual recovery and relative stability. This respite provided us with the opportunity to proactively seek new business ventures and expand our market presence. It was a time of revitalisation and renewed vigor for Singer Finance.

Performance under pressure

In the fiscal year 2023/24, Singer Finance saw a commendable top-line growth of 7.4%, bringing in Rs. 8 billion, driven by an expanding portfolio. The Company also achieved a significant reversal of impairment charges, with a write-back of Rs. 127 million compared to Rs. 44 million the previous year. This financial maneuver, along with other strategic efforts, resulted in a Profit After Tax of Rs. 404 million, slightly below the previous year's figure, showcasing the Company's ability to maintain stability amid economic challenges.

While the growth we experienced during this period was moderate, it was nonetheless a positive development. The improving trajectory of the economy, albeit modest, signaled an improvement in our business performance and prospects. This progression was not only beneficial but also crucial for our business, as it instilled confidence in our ability to navigate through challenging times

and reinforced our commitment to achieving our organisational goals.

We derive significant benefit from the Company's unique position as a brand carrier of Sri Lanka's largest consumer durables retailer, Singer (Sri Lanka) PLC and ultimate parent, Hayleys Group, Sri Lanka's most diversified conglomerate. We accessed the vast repertoire of leadership and managerial capabilities to move forward in highly unprecedented economic conditions, including technological developments and digitisation, financial advice, and migration of best practices in risk mitigation and corporate governance.

We prioritised key business areas foreseeing potential defaults due to severe economic difficulties. We enhanced our collection efforts, but remained considerate about our customers' situations, providing relief measures and loan restructuring to those most affected.

Continued Expansion

In this backdrop, we are delighted to announce that Singer Finance is celebrating its 20th anniversary this year. As a dynamic player in the finance industry, we have achieved significant milestones. Notably, we expanded our branch network, adding

two new branches in Ambalangoda and Kalmunai. This strategic move enhances our operational scale and strengthens our presence beyond the Western Province.

The necessity for digital adaptation into new systems is paramount in the current era. The continuous development of these systems represents the path forward and is a strategic priority. It is essential to execute this transition correctly, as digitalisation is no longer optional but a requirement. We will ensure that our product E-Wallet is launched this year, providing an online platform for our customers to interact and transact with us, in the comfort of their home or office.

Digital capabilities have been harnessed to enhance accessibility, streamline processes, and provide seamless services to our valued customers. Our online portal empowers clients to manage their accounts, and track transactions effortlessly. By embracing digital channels, we have not only improved efficiency but also fostered stronger customer relationships through enhancing the customer experience.

Group Synergies

With the combined strength of the Singer brand that has gained customer confidence over 145 years, and our parent Hayleys PLC, we leveraged on synergies on many fronts from the remarkable opportunity to tap into an existing and extensive customer base, to robust corporate governance, and digital innovations. We therefore strategically maintained the attributes of trust and stability associated with two strong brands to carve out a distinct identity in the financial service industry.

Our Human Capital

The performance and resilience of the Singer Finance team over the past few years have been truly commendable. Despite the unique challenges posed by the pandemic and the economic crisis, our team have consistently demonstrated their ability to adapt and thrive. I also want to recognise the leadership team for fostering a dynamic and supportive culture at Singer Finance, where every employee feels valued and motivated. This commitment to employee well-being has been recognised through prestigious certifications, including the Great Place to Work certification for six consecutive years and the Best Workplaces

in Sri Lanka award for three consecutive years. Furthermore, Singer Finance's inclusion among Asia's best workplaces in 2021 and 2022 underscores the holistic efforts made by the leadership team to create a compelling value proposition for its employees.

ESG and the Business

Global challenges such as climate change and growing economic disparity is driving the need for collective action and sustainable business. As a financial institution we are cognisant of the role we can play in addressing some of these critical challenges, through channelling (with two Ls) our funds to the right purposes.

We have crafted an ambitious ESG Agenda, which is beyond compliance and is a key component of the Company's strategic thinking. We will leverage innovative technology and form partnerships that drive positive societal impact and create value through reducing financed emissions. Plans are afoot to launch a differentiated product that complements our ESG agenda and supports sustainable development.

Future Focus

As we celebrate our 20th Anniversary, Singer Finance stands ready to embrace the challenges and opportunities, with our unwavering commitment to excellence, combined with a strong and dedicated team that facilitates customer centricity.

Meeting the diverse financial needs of our customers with our innovative product portfolio and expanding our customer base through a digital footprint are our key priorities. Similarly, creating sustainable value for our shareholders remains a fundamental objective as we strive for consistent growth and profitability.

As we celebrate our milestone, we reaffirm our commitment to excellence and look forward to serving our customers with passion and purpose. Together, we will navigate the evolving financial landscape and build a strong and resilient future and contribute towards the prosperity of our planet.

Acknowledgements

As I reflect upon the past year, I am profoundly inspired by the unwavering dedication and commitment exhibited by the Singer Finance Team.

Their tireless efforts have propelled our organisation forward, and I extend my heartfelt congratulations to each member of the team.

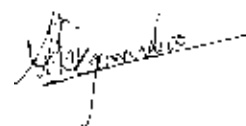
Under the sound leadership of CEO Thushan Amarasuriya, we have achieved remarkable milestones. Our journey has been one of growth, resilience and adaptability. I express my deepest gratitude to the Chairman of the Board, Mr. Aravinda Perera and all Directors for their invaluable counsel and guidance throughout the year. Their wisdom and strategic insights have been instrumental in shaping our path forward.

I also wish to place on record my sincere appreciation to Mr. Mohan Pandithage, the Group Chairman for his continued support and guidance.

I take this opportunity to extend my sincere appreciation to Mr. Jayanth Perera for his contributions to the Board as he retires from his role as the Senior Independent Director.

Additionally, I acknowledge the unwavering support and cooperation of the officials from the Central Bank of Sri Lanka. Their partnership has been crucial in navigating the regulatory landscape and ensuring compliance.

Our success would be incomplete without recognising the contributions of our dedicated employees. Their hard work, creativity and passion have driven our achievements. To our customers, business partners and stakeholders, I extend my sincere thanks for your continued loyalty, trust and support.



Mahesh Wijewardene
Group Chief Executive Officer

Colombo
7th May 2024

CHIEF EXECUTIVE OFFICER'S REVIEW



Customers are at the heart of our strategy and value proposition.

Throughout the 2023/2024 fiscal year, we prioritised customer satisfaction through exceptional experiences

Dear Stakeholder,

Our journey in the past fiscal year has been one of stability and resilience, navigating through the rapidly evolving financial landscape with agility and foresight. We have remained steadfast in our commitment to providing exceptional service and products that meet the evolving needs of our customers. Our team's dedication has been instrumental in driving our growth and success, facilitating the customer experience and retaining our competitive edge in an intensely competitive environment.

In the face of challenges, we have emerged stronger, adapting to changes with strategic planning and execution. Our focus on digital transformation has enabled us to enhance our operational efficiency and offer convenient, innovative financial solutions. We are dedicated to fostering a culture of continuous improvement, ensuring that we remain at the forefront of the industry.

The year 2022/23 was defined by the country's acute economic crisis, which led to catastrophic impacts across all sectors of daily living. Early signs of stability were seen during the second half of 2022/23 and with the approval of the International Monetary Fund's (IMF) Extended Fund Facility (EFF) programme in March 2023, some form of confidence was restored to the Country's economy. IMF's approval of Extended Fund Facility was a crucial step in restoring macro-economic stability.

The financial services industry, including banks, non-banking financial institutions (NBFI) and insurance companies, has indeed been at the forefront of navigating a complex array of challenges. The period under review saw the asset base of the NBFI sector grow by 5.1%, largely driven by increased investments in government securities. The reduction in the leasing portfolio can be attributed to the government's limitations on motor vehicle imports, introduced to limit foreign exchange outflows. Furthermore, the financing of pre-owned vehicles was impacted by the prevailing high interest rates during the first half of the year.

Macro-prudential measures by the Regulator

In 2023, Sri Lanka's financial landscape was considerably impacted by credit quality dynamics and the Central Bank's enhancement of regulations. The Central Bank of Sri Lanka (CBSL), recognising the importance of managing NPLs, has been proactive in implementing policies to address this issue. In the wake of the economic contraction and the challenges posed by the COVID-19 pandemic, CBSL policies in 2023 were geared towards stabilising the financial system and fostering a conducive environment for economic recovery.

Moreover, the Central Bank took steps to improve foreign exchange liquidity and stabilise the exchange rate, which are vital for maintaining the confidence

of the investor community. CBSL's Financial Stability Review of 2023 highlighted the financial sector's resilience despite the economic downturn, with signs of stabilisation in financial markets and a recovery phase in the credit cycle.

Financial Performance

Despite the challenging economic conditions, the company demonstrated a resilient performance in 2023, maintaining a stable financial position. A greater focus on lending, coupled with increased effort and volumes, played a pivotal role in driving revenue growth. Superior customer service ensured strong customer retention and satisfaction, further boosting our financial results. The strategic expansion of our branch network in the latter part of the year positioned us for future growth, with new branches expected to yield returns in the coming years. We also strengthened our recovery processes, placing greater emphasis on managing impairments effectively, which helped maintain our non-performing loans (NPLs) at a manageable level. These combined efforts enabled the company to maintain a stable financial position, reflected in the improvement of our net assets per share and overall revenue growth.

In the financial year 2023/24, Singer Finance recorded a top-line growth of 7.4%, reaching Rs. 8 billion, driven by portfolio expansion. Net interest income as a percentage of interest income

remained virtually unchanged from the previous year, demonstrating stability in our core operations. The Company notably strengthened its recovery efforts, resulting in a reversal of impairment charges for the second consecutive year, with a write-back of Rs. 127 million compared to Rs. 44 million in the previous year. This achievement was underpinned by a significant improvement in the ageing of receivables, with past-due balances decreasing from 58% in 2022/23 to 41% in 2023/24.

The increase in operating income, combined with the reversal of impairment charges, led to a 12.4% rise in Net Operating Income, reflecting effective asset and liability management. Despite these gains, cost pressures resulted in a 2.3% decrease in operating profit before tax on financial services, amounting to Rs. 972 million. Consequently, the Profit After Tax stood at Rs. 404 million, marginally below the previous year's figure.

Asset base and liabilities indicated an increase, with the liability growth being proportionate to the growth in assets, maintaining a healthy balance sheet. The net assets per share showed an improvement, rising from Rs 24.62 to Rs 25.66 in 2023/24. These financial indicators suggest that Singer Finance has navigated the fiscal year with strategic acumen, ensuring stability and growth for its stakeholders.

People Performance

Skill migration continues to be a critical challenge in Sri Lanka's labour dynamics, particularly in the context of the recent economic challenges the country has faced. In response, we placed significant emphasis on building our team and retaining talents while actively creating a thriving work environment. Our goal was two fold: to retain existing talent and attract new talent seeking growth opportunities.

Throughout the year, Singer Finance (Lanka) PLC maintained an unwavering commitment to building a talented team and enhancing our employee value proposition. Our approach centred on creating a flexible work environment that identified and accommodated individual challenges. We recognised the importance of empathy, ensuring that we supported our team members during tough times. By fostering positive work experience, we aimed to provide equitable opportunities for growth and development.

Our commitment to employee well-being remains at the forefront of our organisational strategy. We believe that by nurturing our team and providing a supportive work environment, we can continue to thrive even in challenging times.

Customer-centricity

Customers are at the heart of our strategy and value proposition. Throughout the 2023/2024 fiscal year, we prioritised customer satisfaction through exceptional experiences. Our branch expansion strategy contributed to building a loyal and growing customer base.

Recognising the transformative power of digitalisation, we embarked on several initiatives. During the pandemic, digital platforms were created to facilitate seamless interactions with our customers. These platforms offer intuitive and user-friendly interfaces, allowing customers to conduct transactions, access account information and manage their finances conveniently. Going forward, we remain committed to enhancing our digital offerings, creating a connected ecosystem that caters to our customers' evolving needs.

To gain deeper insights into customer behaviour and preferences, we harnessed advanced data analytics and market intelligence. By leveraging these insights, we personalised our products and services effectively. This customer-centric approach enables us to anticipate their needs, provide tailored solutions and enhance overall satisfaction.

Expansion

I am glad to report that we added two more branches to our network outside the Western Province extending our footprint to those areas, and now hold a portfolio of 52 branches, signifying a successful journey that celebrates 20 years in 2024. The expansion provides access to a larger customer base and allows our customers to reach us at strategic locations for their financial needs.

Future Focus

In our strategic approach, we maintain a keen awareness of the macro-economic landscape, allowing us to make informed decisions. Our expansion plans are deliberate and cautious, with a focus on optimising returns for our shareholders. We aim to expand our branch network further ensuring that each new branch contributes to our overall profitability in the shortest possible time. Our true strength lies within our organisation. Our employees are our most valuable asset and we are committed to nurturing talent from within. We will identify individuals with growth trajectories and provide them with opportunities to develop into leaders. This approach not only retains our top performers but also attracts new talent seeking a supportive and growth-oriented environment.

Our goal is to ensure sustainable profitability while mitigating potential risks. To achieve this, we adopt a proactive approach and closely monitor market dynamics, regulatory landscape, macro-economic factors, which impact our decision making and resource allocation.

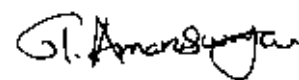
In summary, our commitment extends beyond profitability it encompasses resilience, adaptability and responsible management.

As we embrace digitalisation, we recognise its transformative potential. The introduction of a robust recovery application will enhance customer experiences and streamline processes. Yet, we remain equally committed to sustainability. Our business practices will align with environmental and social responsibility, ensuring that our growth is both profitable and ethical.

Acknowledgements

I express deep gratitude to Chairman Mr. Aravinda Perera, Group CEO Mr. Mahesh Wijewardene, and the Board of Directors for their wise counsel and guidance that helped us navigate through difficult years with strength and resilience. I also appreciate Group Chairman Mr. Mohan Pandithage's vision and continued support in fortifying our competitive positioning and the market visibility. Mr. Jayanth Perera's contribution to the company was significant. I wish to express my appreciation for Mr. Perera as he retires from his role as the Senior Independent Director.

I extend my sincere appreciation to the Central Bank of Sri Lanka, the Controller of Exchange and the Credit Information Bureau for their contributions and support. Our Singer Finance team worked diligently despite challenges, delivering value. Their hard work and passion are the backbone of our achievements. To our valued shareholders and loyal customers, your trust has positioned us as a leading player in the financial services industry. With collective efforts, we will continue to create sustained growth and value for all stakeholders. Thank you for being an integral part of our journey.



Thushan Amarasinghe
Executive Director/Chief Executive Officer

Colombo
7th May 2024

BOARD OF DIRECTORS





BOARD OF DIRECTORS



Mr. Aravinda Perera

Chairman/ Non-Executive Director

Appointed to the Board of Singer Finance (Lanka) PLC as Chairman on 7th December 2017.

Mr. Aravinda Perera counts over 40 years in the Banking sector and functioned as the Managing Director of Sampath Bank PLC from 1st January 2012, until his retirement in September 2016.

He is at present, the Managing Director of Royal Ceramics Lanka PLC and the Chairman of Pan Asia Banking Corporation PLC and also an Executive Director of Rocell Bathware Ltd, an Independent Non Executive Director of Hayleys PLC, a Non- Executive Director of Hayleys Aventura (Pvt) Ltd, Hayleys Advantis Ltd, Fentons Ltd., SNAPS Residencies (Pvt) Ltd and Kosgulana Hydro Company (Private) Limited.

He is the former Chairman of Siyapatha Finance PLC, former Director of Sampath Center Ltd, Colombo Stock Exchange, and Lanka Bangla Finance Limited in Bangladesh.

Mr. Perera holds B.Sc (Eng.) and is a Member of the Institute of Engineers (Sri Lanka) (MIESL) and a Chartered Engineer (C.Eng.). He is also a Fellow Member of the Chartered Institute of Management Accountants (UK) (FCMA), a Fellow of the Institute of Bankers Sri Lanka (FIB) and holds an MBA from the Post Graduate Institute of Management.

Mr. Perera was honoured with the "CEO Leadership Achievement Award 2016" by the Asian Banker magazine and was also the recipient of the prestigious "Platinum Honours – 2014" Award by the Postgraduate Institute of Management Alumni (PIMA) of Sri Jayawardenapura University. He was also honoured with the "Award for the Outstanding Contribution to the Banking Industry – 2015" and bestowed with a Honorary Life Membership by the Association of Professional Bankers.



Mr. Jayanth Perera

Senior Independent Non-Executive Director

Appointed to the Board of Singer Finance (Lanka) PLC on 07th December 2017.

He has over 42 years of experience in the fields of Banking, Stock Broking, Tourism, Health, Aviation, Retail and Plantation.

Mr. Perera is a member of Chartered Institute of Banking - UK and Chartered Institute of Marketing - UK.

Mr. Perera is a retired Senior Deputy General Manager of Hatton National Bank PLC, former Managing Director of Acuity Stockbrokers (Pvt) Ltd. He had also served as an Executive Director of HNB Assurance PLC, Acuity Securities (Pvt) Ltd, Acuity Partners (Pvt)Ltd, LVL Energy, Lanka Ventures (Pvt)Ltd and Credit Information Bureau of Sri Lanka.

At present, Mr. Perera functions as an Independent Non-Executive Director of Interocean Energy (Pvt) Ltd, McLaren's Holdings Ltd, ODEL PLC, Softlogic Stockbrokers (Pvt) Ltd and Fentons Ltd. He also functions as a Director of Qwest Destinations (Pvt) Ltd, Qwest Cruises (Pvt) Ltd, Qwest Holidays (Pvt)Ltd, Sri Lankan Airlines Ltd, Sri Lankan Catering Services Ltd.



Mr. Thushan Amarasuriya

CEO/ Executive Director

Appointed to the Board of Singer Finance (Lanka) PLC on the 1st of July 2018.

Mr. Amarasuriya was appointed as the Chief Executive Officer of the company on 1st July 2018. He has over 20 years of managerial experience in Retailing FMCG, Retailing Consumer Goods and in Financing and Leasing Industry.

He is a Fellow Member of the Chartered Institute of Management Accountants, (CIMA - UK), an Affiliate Member of the Association of Chartered Certified Accountants, (ACCA - UK), a Certified Global Management Accountant (CGMA), a Member of the Chartered Institute of Marketing, holds an MBA from the University of Leicester – UK and is a Honorary Fellow Member of the Sri Lanka Institute of Credit Management.

Prior to joining Singer Finance, Mr. Amarasuriya held many responsible positions at Singer India Retail, Singer (Sri Lanka) PLC and Cargills Food City. He also serves in honorary positions as a Trustee and Treasurer of Saukyadana Movement and Senior Vice President of the Mercantile Cricket Association.



Mr. Mahesh Wijewardene

Non-Executive Director

Joined the Board of Singer Finance (Lanka) PLC on 21st February 2019.

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 as Vice President 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 an Executive Director of Regnis Appliances (Private) Limited, Reality Lanka Limited, and as a Non- Executive Director of Equity Investments Lanka Limited



Mr. Ranil De Silva

Independent Non-Executive Director

Appointed to the Board of Singer Finance (Lanka) PLC on 9th March 2021.

Mr. De Silva is a Fellow Member of the Chartered Institute of Management Accountants UK, Associate Member of the Institute of Chartered Accountants of Sri Lanka and a Member of the Chartered Institute of Marketing UK.

He has extensive experience in diverse industries in Finance, Sales & Marketing and General Management in Sri Lanka as well as overseas, having held many responsible positions in reputed Companies.

Mr. Ranil De Silva has served on the Boards of Singer Group of companies previously and currently serves as an Independent Non-Executive Director of Central Industries PLC, Hayleys Leisure PLC, The Autodrome PLC, Allion Technologies (Pvt) Ltd, Alumex PLC, Kingsbury PLC and Lanka Shipping & Logistics (Pvt) Ltd.



Mr. Saman Herath

Independent Non-Executive Director

Appointed to the Board of Singer Finance (Lanka) PLC on 2nd September 2021.

He has over 40 years of experience in the Banking and pharmaceutical industries.

Mr. Herath retired as a Senior Deputy General Manager of Sampath Bank PLC in 2015 and later served as the Managing Director of Siyapatha Finance until he completed his tenure in 2019. Mr. Herath also served as the Managing Director of State Pharmaceutical Manufacturing Corporation until 2021 after leaving Siyapatha Finance.

Mr. Herath is a fellow member of the Chartered Institute of Management Accountants of United Kingdom (FCMA,UK) and a Chartered Global Management Accountant (CGMA,UK). He also is an Associate Member of the Institute of Bankers, Sri Lanka.



Ms. Darshini Talpahewa

Non-Executive Director

Appointed to the Board of Singer Finance (Lanka) PLC on 7th December 2017.

Ms. Talpahewa joined the Hayleys Group in 2010 and is a Member of the Hayleys Group Management Committee. She is responsible for Human Resources and Legal Services for the Hayleys Group.

Serves as a Non Executive Director of Hayleys Group Services (Pvt) Ltd., HJS Condiments Ltd and is a Director of Ceylon Deanstone Company (Pvt) Ltd

Ms. Talpahewa Possesses an LL.B from the University of Colombo and is an Attorney-at- Law with first class honours from the Sri Lanka Law College.

She holds Master's Degrees in Law from the University of Colombo, in Human Resource Management from the University of Northampton, UK and in International Relations from the University of Colombo.



Mr. Dhammika Siriwardene

Independent Non-Executive Director

Mr. Dhammika Siriwardene joined the Board of Singer Finance (Lanka) PLC on 22nd April 2024.

Mr. Siriwardene is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

He was formerly the Deputy Group CFO of Hayleys Group, a leading diversified group of companies with local and international operations. He has extensive experience in the fields of Finance, Strategic Planning, Management Audit, Insurance and Fund Management in a career spanning over 35 years.

MANAGEMENT TEAM





MANAGEMENT TEAM

Mr. Iman Perera

Chief Operating Officer

Iman joined Singer Finance in year 2006 as the Head of Business Development. He was appointed as the Chief Operating Officer in year 2018. He counts for over 31 years of work experience in Banking and Finance Industry covering Retail Banking, Business Development, Sales/ Marketing and Operations functions.

He hold an MBA degree from the Postgraduate Institute of Management (PIM) of the University of Sri Jayewardenepura and a BSc degree in Business Administration (Special) from the University of Sri Jayewardenepura. Prior to joining Singer Finance, Iman gained vast experience in leasing, branch management and in micro finance, at LOLC PLC. He started the career in 1993 as a Banker at Seylan Bank PLC.

Mr. Lasitha Dias

Head of Strategic Planning and Company Secretary

Lasitha joined the Singer Finance team in 2023 as Head of Strategic Planning and the Company Secretary

He holds an MBA degree from the University of Southern Queensland of Australia and is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka, A Associate member of the Chartered Institute of Management Accountants - UK, Chartered Global Management Accountants (CGMA), An Associate Member of the Institute of Certified Professional Managers. He also holds a PG DIP in Investment Analysis from ICFAI University -India and is a Certified Portfolio Manager from The Council for Portfolio Management & Research -India

He has over 16 years of experience in Financial Accounting, Management Accounting, Corporate Planning and taxation. Prior to joining Singer Finance, he had served as General Manager-Finance of Hayleys PLC.

Ms. Chandrika Alwis

Consultant to the Chairman

Chandrika joined Singer Finance in 2018 and counts over 41 years of experience in the areas of deposits, credit, recoveries including 27 years of experience in gold loans. Her career features many managerial positions.

Chandrika is a specialist in gold loans and is regarded as an industry stalwart, having set up gold loans successfully in two other financial institutions prior to joining SFL.

Mr. Eraj Fernando

Head of Finance

Eraj has over 24 years of experience in the field of Accounting, Auditing, Budgeting & Planning, Compliance and Finance, joined Singer group in 2006. He has served in Singer (Sri Lanka) PLC, Singer Finance (Lanka) PLC and Regnis (Lanka) PLC.

He has served in the capacity of Company Secretary of Regnis (Lanka) PLC, Singer Industries (Ceylon) PLC and Regnis Appliances (Pvt) Ltd. Prior to joining Singer Group, he worked at Ernst & Young as an Assistant Audit Manager.

He holds an MBA degree from the University of Colombo and, is a member of the Institute of Chartered Accountants of Sri Lanka and Institute of Certified Management Accountants of Sri Lanka.

Mr. Thilan Rupasinghe

Head of Treasury and Financial Services

Thilan joined the Singer Finance team in April 2016 as Head of Cards. Thilan has been with the Singer Group for over 30 years, out of which over 17 years in the Senior Management. In 2019 he was assigned to Manage the Treasury and Digital Transformation functions of the company. In 2023 He was redesignated as Head of Treasury and Financial Services.

In the Singer group he has worked as Head of Department in Treasury, Financial Services and Budget at Singer (Sri Lanka) PLC.

He holds an MBA degree from the Australian Institute of Business (AIB) Adelaide, Australia. He is also an Associate Member of the Institute of Certified Management Accountants of Australia (CMA) and a member of the Association of Business Executives UK (ABE).

He also, holds a Diploma in Treasury Operations and Financial Markets from Corporate Campus, a Diploma in Credit Management from the Sri Lanka Institute of Credit Management and a Diploma in Digital Marketing from the Academy of International Business Sri Lanka. Currently he is reading for a Doctorate in Business Administration (DBA) at the Asia E University, Malaysia.

He has served as the Treasurer of the Payment Card Industry Association of Sri Lanka (PCIASL) and as Assistant Treasurer and Committee Member of the Association of Corporate Treasurers Sri Lanka.

Mr. Jeevaka Jayawardena

Senior Manager-Credit and Group Sales

Jeevaka has been with the Singer Group for over 24 years. He possesses over 16 years of experience in Accounting and Finance in the Finance and Leasing industry.

Jeevaka was assigned to manage the credit function of the Company in 2015. In 2020 he was given the Group Sales business as an additional responsibility.

Mr. Joe Wijeyegoonewardene

Head of Deposits

Joe has considerable years of working experience both in the public and private sectors holding several positions of which over 42 years have been spent in the Finance Industry heading deposit departments. He is a Justice of Peace (All Island).

Mr. Niranjan Sethunga

Head of Recoveries

Niranjan has been with singer finance since its inception and holds over 20 years of Management experience in Marketing, Credit, Recoveries and Gold Loan Business.

He holds B. Com (Sp) Degree with the 2nd class division from the University of Kelaniya and an Executive Diploma in Micro Finance & Livelihood Development from Sri Lanka Foundation. He followed Lean Six Sigma Green Belt certification from Brandix College of Clothing Technology, Sri Lanka.

Ms. Harshani Mapatuna

Head of Legal

Harshani joined the Singer Finance team in 2019 as Head of Legal.

An Attorney-at-Law and Notary Public, she graduated from the University of Colombo, Faculty of Law in 1994 and admitted as an Australian Lawyer in 2022 and possesses 27 years of experience in the finance industry and has held senior positions in leading finance companies, including 5 years at Mercantile Investments and 13 years at LB Finance PLC as Assistant General Manager - Legal prior to joining Singer Finance in 2019 as Head of Legal.

She functioned as the Vice President of the Legal Circle of Finance Houses Association of Sri Lanka from 2001 to 2002, the Assistant Treasurer of Association of Corporate Lawyers Sri Lanka in 2011, the Treasurer of Association of Corporate Lawyers Sri Lanka from 2012 to 2016, the Chairperson of Legal Circle of Finance Houses Association of Sri Lanka in 2016, the Treasurer of Association of Corporate Lawyers Sri Lanka in 2021/2022, the Secretary of Association of Corporate Lawyers Sri Lanka in 2022/2023 and 2023/2024, the Executive Committee Member of the Bar Association of Sri Lanka for the year 2023/2024.

She is functioning as the Secretary of Association of Corporate Lawyers Sri Lanka for the year 2024/2025 and An Executive Committee Member of the Bar Association of Sri Lanka for the year 2024/2025.

Mr. Pradeep Boange

Head of Branch Business Development

Pradeep has over 31 years of experience covering Marketing, Administration, Accounting, Production, Airline ticketing and BPO industries both overseas and in Sri Lanka. He joined Singer Finance in 2006 and held many responsible positions before being appointed to his current role. He holds an MBA from the University of Wales Institute Cardiff and an Associate of Chartered Institute of Marketing UK.

Ms. Nadeesha De Silva

Senior Manager – Compliance

Nadeesha joined Singer Group in 2007 and held various responsible accounting and finance positions within Singer (Sri Lanka) PLC, Regnis Appliances (Pvt) Ltd, and Singer Finance (Lanka) PLC before assuming her current role.

She holds a BSc Finance (Special) degree from the University of Sri Jayawardenapura and has completed the Final-1 level in CASL. Additionally, she holds a Professional Diploma in Anti-Money Laundering.

Nadeesha is functioning as the Assistant Secretary of the Compliance Forum of the Finance House Association of Sri Lanka for the year 2024/25.

Stepping into two decades of excellence, Singer Finance (Lanka) PLC has epitomised strong values anchored on its rich heritage across its corporate journey. We are geared to take purposeful strides towards the future, rooted in the strength and legacy of our parent companies Singer (Sri Lanka) PLC and Hayleys PLC.

STRATEGY AS THE FOUNDATION

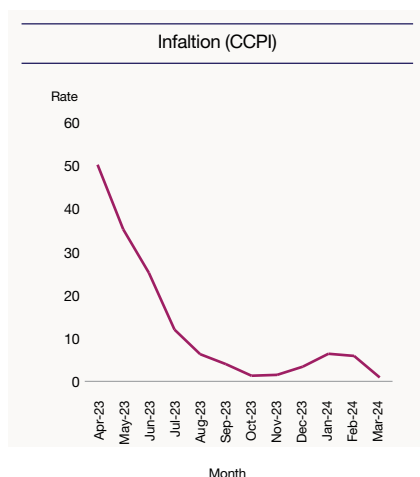
By creating and delivering superior value, we are committed to achieve long-term success.

We adopt a cohesive organisational effort to align all processes and activities towards sustainable value creation.



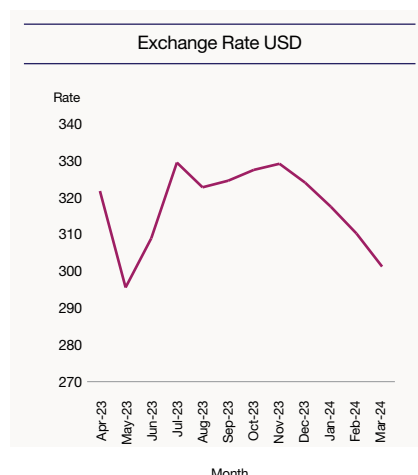
OPERATING ENVIRONMENT

The operating environment for Singer Finance in 2023 was marked by a complex interplay of challenges and emerging opportunities. The company faced significant hurdles in navigating the fluctuating interest rates, which created pressures on maintaining net interest margins. Despite these challenges, the company displayed resilience and strategic agility in adapting to the evolving economic landscape.



Throughout the year, interest rates exhibited volatility but began to stabilize in the latter half. This stability allowed the company to incrementally increase business volumes and relax credit guidelines, leveraging a re-energized team and the decentralization of credit authorities to maintain robust credit quality. These strategic moves facilitated improved business performance, showcasing the company's adaptability and foresight.

Several external factors significantly influenced the operating environment. The steady inflow of foreign remittances provided a stable source of foreign currency, which supported the country's liquidity and exchange rate stability. The growth of the tourism industry, as the sector rebounded post-pandemic, opened up new opportunities for customer engagement and financial solutions tailored to tourism-related businesses.

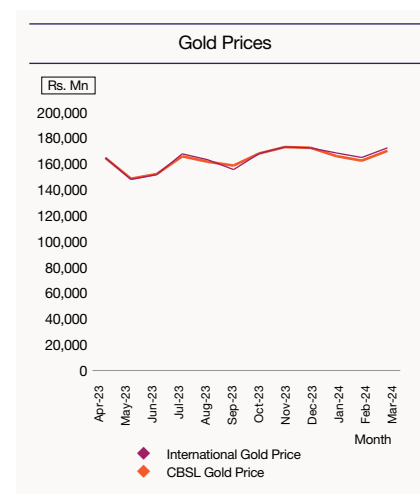


Agricultural success also played a crucial role, with satisfactory harvests enhancing the financial stability of rural communities and agricultural businesses. This allowed the company to strengthen its relationships with customers in these sectors, fostering a win-win situation that benefited both the company and its clientele.

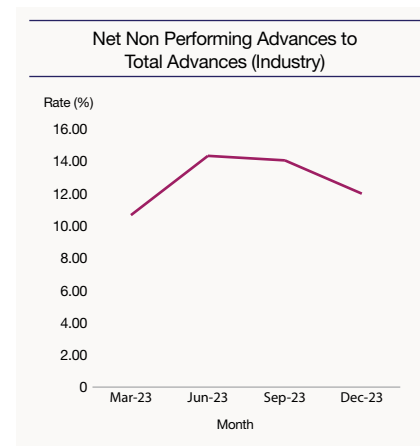
The macroeconomic landscape saw the easing of exchange rates and inflation rates stabilizing around 5%, creating a more predictable environment for financial planning and operations. The Central Bank's clear and consistent communications provided valuable guidance, helping the company align its strategies with national economic policies and future directions.

A key area of focus for the company was the second-hand vehicle market. The company concentrated on financing for cars, vans, three-wheelers, motorbikes, and agricultural equipment, remained attractive due to high import duties and taxes on new vehicles. Prudent credit management strategies were adopted by the company to mitigate credit risk in an environment where the second-hand market prices are elevated.

Fluctuations in gold values during the first quarter, followed by stabilization, impacted the company's strategy on gold loan advances. To mitigate risks, the company reduced advances against gold loans during periods of instability, demonstrating prudent risk management.



The competitive landscape intensified as banks entered the leasing and gold loan financing markets, sectors traditionally dominated by NBFIs. During the year, the entire non-banking financial institution (NBFI) sector faced a significant challenge due to banks offering competitive advances against gold loans and leases at lower rates than finance companies. However, Singer Finance managed to overcome this challenge by providing superior customer service and ensuring a fast loan disbursement process.



The market activity saw a notable uptick during the year, particularly after the subdued period at the beginning of FY 22/23. This resurgence enabled the company to re-engage with its normal business activities, focusing on growth and portfolio expansion. The recovery was driven by strategic initiatives and a positive market response, highlighting the company's resilience and strategic acumen.

One of the significant challenges faced was the migration of employees, a trend seen across various sectors. The NBFi sector, including the company, experienced the loss of trained staff due to migration. Despite this, the company managed the risk effectively through retention strategies, training programs, and by fostering a supportive work environment to ensure continuity and maintain service quality.

Overall, 2023 presented a dynamic operating environment for the company, characterised by both challenges and opportunities. The company's strategic adaptations and proactive measures allowed it to navigate these complexities successfully. Looking ahead, the company remains optimistic, poised to leverage its strengthened foundation and strategic insights to drive sustainable growth and navigate future economic conditions with confidence and resilience. The focus will be on enhancing digital capabilities, deepening customer relationships, engage in meaningful ESG initiatives and support the broader economic development.

OUR STRATEGY

Strategic Overview

Singer Finance's strategy encompasses both short and long-term plans focused on growth, operational efficiency, digitalization, and sustainability. The company aims to enhance its presence, performance, and positive impact on communities and the environment.

Time Horizons

Short-Term (1 year):

Focus on immediate operational efficiency and adaptation to current market conditions.

Medium-Term (2-5 years):

Emphasize gradual expansion and strengthening of existing branches while investing in digital and human capital development.

Long-Term (5+ years):

Pursue significant growth by expanding the branch network ensuring strategic investments, and maintaining a strong commitment to sustainability.

Singer Finance defines its strategic decision-making time horizons as short-term, medium-term, and long-term, each linked to specific organisational planning objectives. The short-term horizon, spanning within one year, focuses on immediate priorities such as branch expansion and operational efficiency, human capital development, digitalization, and sustainability and social responsibility initiatives. These short-term goals aim to enhance operational capabilities and establish a foundation for sustainable growth. The medium-term horizon, covering one to five years, continues to emphasise branch expansion and operational efficiency, human capital development, and digitalisation, while also reinforcing sustainability and social responsibility efforts. This period is crucial for implementing and refining strategies initiated in the short term, ensuring they yield tangible results. In the long term, extending beyond five years, the organisation plans for rapid branch expansion, sustained human capital development, and ongoing sustainability and social responsibility initiatives. This long-term vision is geared towards securing a robust and enduring market presence, fostering innovation, and contributing to broader societal goals, thereby aligning with the company's overarching mission and values.

Strategic pillar 1:

Branch Expansion and Operational Efficiency

Value creation activities during the year

Expansion cautiously based on economic and interest rate conditions. Focus on optimizing operational efficiency in existing branches to provide high returns.

KPIs

- Number of branches expanded
- Operational efficiency metrics
- Return on investment per branch

Progress for the year

Initial cautious expansion based on market conditions and strong focus on branch efficiency.

Challenges during the year

- **Market Conditions:** Singer Finance anticipates facing fluctuating economic conditions and interest rates, which may present challenges in determining the most opportune times and locations for expansion.
- **Resource Allocation:** The company will need to balance the allocation of resources between expanding its branch network and maintaining operational efficiency in existing branches. This requires careful planning and strategic prioritization.





- **Location Selection:** Selecting suitable branch locations was a complex process, requiring the consideration of market demand, competition, and costs to ensure optimal decision-making for expansion.

Resources allocated

- **Branch Infrastructure:** Singer Finance plans to invest in building new branches and renovating existing ones to meet operational standards and customer expectations. These investments will focus on creating efficient and customer-friendly environments.

- **Staff Training:** The company will design comprehensive training programs for branch managers and staff, aiming to improve service delivery and operational efficiency. Training will encompass both technical skills and customer service excellence.

- **Operational Systems:** Investments in technology upgrades and system improvements will enhance productivity and streamline operations within the branch network. These upgrades will focus on boosting efficiency, improving decision-making, and enabling a more seamless customer experience.

Focus for 2024/25

- **Strategic Expansion:** The company plans to continue cautious expansion, carefully selecting locations based on market potential and economic conditions.
- **Enhancing Efficiency:** Ongoing efforts to improve operational processes and resource utilization will remain a priority to maximise performance across all branches (Training, improving processes and Technology used)
- **Performance Monitoring:** Continued monitoring and evaluation of branch performance will guide future expansion decisions and operational adjustments for improved returns and customer satisfaction.

Strategic pillar 2: Human Capital Development

Value creation activities during the year

- Singer Finance focused on strengthening its human capital through targeted initiatives aimed at enhancing leadership and decision-making skills among employees.
- Training programs and workshops were conducted to improve core competencies such as financial analysis, risk management, customer service, and technology utilization.
- The company also promoted internal mobility, providing opportunities for employees to take on new roles or advance within the organisation, thus fostering a culture of career growth.

KPIs

- **Employee Development:** Metrics such as training hours per employee and participation rates in development programs were used to assess the extent of employee growth initiatives.

OUR STRATEGY

- **Leadership Training:** Participation and completion rates of leadership programs were tracked to measure the effectiveness of leadership development.
- **Employee Satisfaction:** Surveys and feedback were used to gauge employee satisfaction levels and identify areas for improvement.
- **Retention Rates:** Tracking employee turnover rates helped measure the success of human capital initiatives in retaining talent within the company.
- Tailoring training programs to diverse employee needs and roles required careful planning and adjustment.
- Migration of employees due to factors associated with the external environment was a challenge faced by the company as well as most of the sectors of the country.

Resources allocated

- **Training Programs:** Investments were made in creating high-quality training content, hiring expert trainers, and providing access to educational resources for employees.
- **Leadership Development Initiatives:** Funding is allocated to specialized programs for emerging and established leaders to enhance their management and decision-making skills.
- **Employee Support:** Resources are directed towards initiatives supporting employee well-being and career growth.

Progress for the year

Successfully rolled out training programs and development initiatives tailored to different employee levels and roles, fostering a culture of continuous improvement. The company achieved positive outcomes, such as enhanced employee engagement and productivity, due to the focus on skill development and leadership training.

Challenges during the year

- Balancing investment in human capital development with other strategic areas such as branch expansion and digital transformation was challenging.

Focus for 2024/25

- **Advancing Employee Skills and Leadership Capabilities:** The company will continue to expand its training programs and development initiatives to equip employees with relevant skills and knowledge.
- **Fostering a Culture of Learning:** Efforts will be made to encourage a culture of continuous learning and development throughout the organisation, including cross-departmental training opportunities.
- **Talent Retention:** Initiatives to retain top talent, such as offering competitive benefits and career advancement opportunities, will be a priority.
- **Feedback and Improvement:** Regularly seeking employee feedback to refine training programs and initiatives, ensuring they meet the needs of the workforce and support strategic goals.

Strategic pillar 3:

Digitalization

Value creation activities during the year

- **E-Wallet and Digital Tools:** Singer Finance initiated the integration of digital tools into its operations, particularly in credit evaluation and recovery processes. This helped streamline workflows, improve data accuracy, and provide better customer service. E-wallet will be implemented in the upcoming year, and will provide customers an option to transact using e-wallet in an efficient manner.
- **Enhanced Credit Evaluation:** The use of digital tools enabled more precise and quicker credit assessments by providing access to real-time data and advanced analytics.
- **Improved Recovery Operations:** Recovery processes were optimized through the use of digital tools, allowing for more efficient tracking and management of customer accounts.



KPIs

- **Adoption Rates of Digital Tools:** Singer Finance monitors the rate of adoption among staff and customers to assess the effectiveness and acceptance of new digital technologies.
- **Improvements in Credit Evaluation and Recovery Processes:** The company measures the speed and accuracy of credit assessments, as well as the efficiency of recovery operations.
- **Overall Impact on Efficiency:** Metrics such as process cycle times, error rates, and customer satisfaction scores are used to measure the impact of digitalization on operational efficiency.

Progress for the year

- **Initial Adoption of Digital Tools:** Singer Finance successfully introduced digital tools in various operational areas, resulting in more streamlined processes and improved data management.
- **Enhanced Credit Evaluation and Recovery:** The integration of digital tools led to quicker and more accurate credit assessments, as well as more efficient recovery operations.
- **Increased Data-Driven Decisions:** The use of digital analytics enabled more informed decision-making in both credit evaluation and recovery.

Challenges during the year

- **Seamless Implementation:** Singer Finance focused on careful planning and collaboration across departments to ensure a smooth transition to digital processes.
- **Adoption Among Staff and Customers:** The company provides targeted training and education to encourage widespread adoption of digital tools among staff and customers.
- **Technical Issues:** Singer Finance proactively addresses any technical challenges or compatibility issues that may arise during the integration of new digital systems.

Resources allocated

- **Investment in Digital Infrastructure:** The company allocates funding for upgrading digital infrastructure and acquiring new digital tools and software.

- **Staff Training:** Comprehensive training programs are provided to help employees adapt to new digital processes and tools.
- **Customer Education:** The company invests in educating customers about the benefits and use of digital tools, including e-wallets and online services.

Focus for 2024/25

- **Expansion Across More Operations:** Singer Finance aims to extend its digitalization efforts to additional operational areas, enhancing efficiency and customer experience.
- **Refinement of Existing Digital Tools:** The company plans to improve and optimize existing digital tools to better suit its needs and those of its customers.
- **Increase Adoption:** Continued efforts will be made to promote the adoption of digital tools among staff and customers, including providing additional training and support.

Strategic pillar 4: Sustainability and Social Responsibility

Value creation activities during the year

- **Sustainable Branch Operations:** Singer Finance focused on implementing sustainable practices across its branch network, including reducing energy consumption and minimizing waste.
- **Tree-Planting Initiatives:** The company expanded its tree-planting initiatives, contributing to carbon absorption and supporting local biodiversity.
- **Social Responsibility Efforts:** Singer Finance engaged in various social responsibility projects, supporting local communities through targeted programs, including educational, environmental, and wellness initiatives.

KPIs

- **Carbon Footprint Reduction:** The company measures its success in reducing carbon emissions across all operations and will aim to minimize its environmental impact.
- **Number of Trees Planted:** Singer Finance tracks the number of trees planted as part of its reforestation and sustainability efforts.
- **Implementation of Sustainable Practices:** The company monitors the adoption of sustainability practices in its branches, including energy and water conservation, as well as waste reduction.
- **Recycling of paper:** The company continues to monitor the paper recycled annually.

Progress for the year

- Continued focus on sustainability and social responsibility initiatives, including tree planting, paper usage reduction, paper recycling and community support projects.

Challenges during the year

- **Logistical Constraints:** Singer Finance addresses any logistical challenges in its sustainability and social responsibility initiatives, adapting strategies as needed to overcome obstacles.

Resources allocated

- **Investment in Environmental Initiatives:** The company allocates funding for projects aimed at reducing carbon emissions and supporting local ecosystems.
- **Community Support Programs:** Investment are directed towards community projects, such as education, health, and welfare programs, as well as environmental conservation efforts.
- **Paper Recycling and Usage Reduction:** Singer Finance continues its commitment to paper recycling and reduction, implementing digital alternatives and other sustainable practices across its operations.

Focus for 2024/25

- Sustain and expand tree planting and other environmental initiatives, and increase engagement in community development projects across the branch network.

VALUE CREATION MODEL

CAPITAL INPUTS



Financial Capital

Financial Capital

Shareholders' funds of **Rs. 4,975 Mn**
Customer deposits of **Rs. 22,180 Mn**
Borrowings of **Rs. 7,402 Mn**



Manufactured Capital

Manufactured Capital

Investment of **Rs. 153 Mn** in our Manufactured Capital which includes a network of **52 branches** island wide



Human Capital

Human Capital

Competencies, attitude and experience of our team of **942 employees** who are key to our success



Social and Relationship Capital

Social & Relationship Capital

Strong relationships that have been nurtured over the years with customers, business partners and other stakeholders



Intellectual Capital

Intellectual Capital

The strength of our brand are strong values and business ethics.



Natural Capital

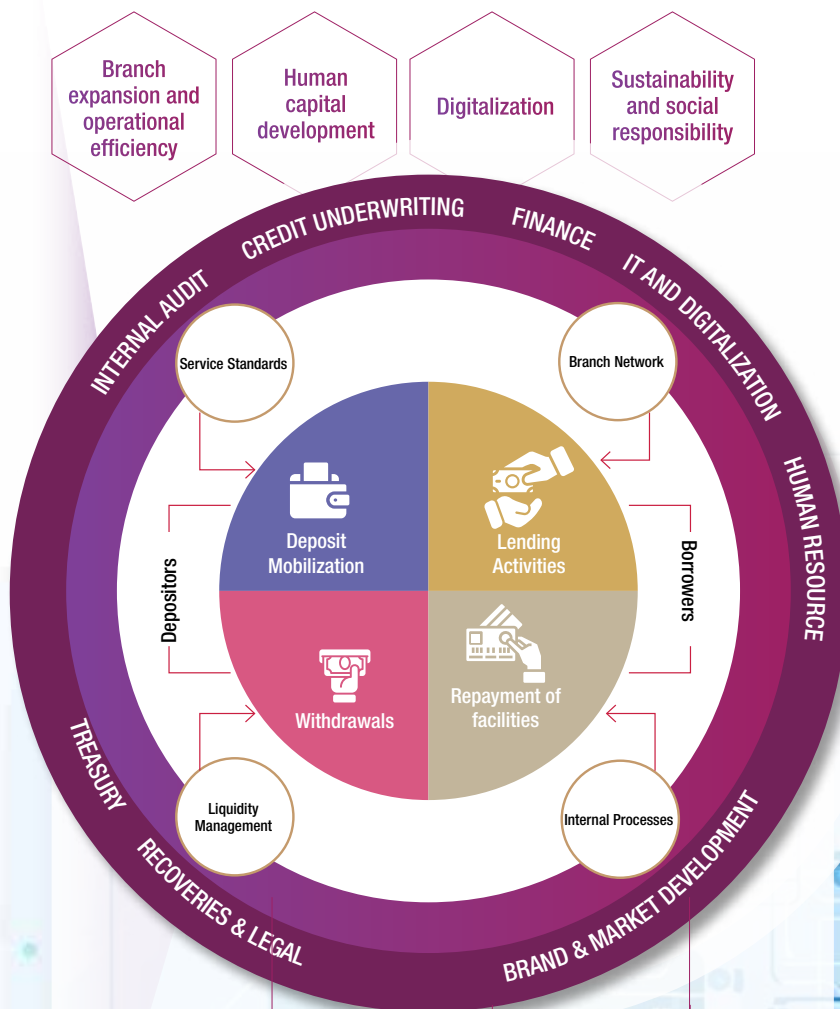
Natural Capital

Environmentally friendly business practices that are followed in order to minimize our impact on the environment. **2,510 trees** planted.

VALUE CREATION

Vision

To be the foremost Finance Company in Sri Lanka.



Focused Strategy

Corporate Governance

Risk Management

Stakeholder Expectations

Dynamic operating landscape

Regulatory landscape

Evolving customer needs

Digitalization of financial services

Economic uncertainty

OUTCOMES

OUTPUTS/ IMPACTS



Financial Capital

Financial Capital

- Strong balance sheet
- Net Equity Increase by Rs. 239 Mn
- Rs. 404 Mn Profit after tax



Manufactured Capital

Manufactured Capital

2 new branches and expansion of EDP & Office Equipment, and Furniture and Fittings



Human Capital

Human Capital

- Employee satisfaction
- Productivity
- Training and development opportunities



Social and Relationship Capital

Social & Relationship Capital

- Trust
- Customer satisfaction
- Investment in CSR



Intellectual Capital

Intellectual Capital

- Brand value
- Tacit knowledge
- Robust systems and processes



Natural Capital

Natural Capital

- Paper recycled weight 5,280 kg



Investors

Shareholders

- Net asset value per share: **Rs 25.80**
- Earnings per share: **Rs 2.00**
- Dividend per share of **Rs. 0.80**



Customers

Customers

- **Rs 31,321 Mn** loans disbursed
- Interest of **Rs 3,889 Mn** paid to depositors
- Convenience in business transactions



Employees

Employees

- Payments of **Rs. 989 Mn** to employees
- **209** employees promoted during the year
- Career progression and empowerment



Business Partners

Business Partners

- Long term relationships with **255** suppliers
- Transparency



Regulators

Government

- Timely and Accurate tax payments to government
- Financial sector stability



Community

Local Communities

- Engaging with the community through CSR activities
- Creating employment opportunities



Environment

Environment

- Environmentally friendly business practices
- Responsible lending practices
- Increased automation

MATERIAL MATTERS

Material matters are defined as the issues that can shape the Company's business in the long term. These could significantly transform performance and value creation and thereby have the highest impact on its stakeholders. On the heels of a waning pandemic, Sri Lanka faced its worst ever economic crisis that trailed into the financial year 2023/24. The rupee continued to depreciate sharply against the US dollar and remittances continued to lie low, during the first half of 2023. The material topics, therefore, represent emerging issues in the economy, the industry, and factors relevant to the Company's strategic agenda and its value creation model.

High interest rates impacted liability products while the demand for asset products dropped. Gold loan profitability experienced a significant reduction while consumer spending was also significantly reduced. The strong governance structure, and risk mitigated financial management were the foundations that helped us navigate the uncertainties.

With its wide reach within Sri Lanka and as a home-grown Company catering to a cross section of the society, we stayed vigilant adapting to the many challenges the financial industry weathered during the financial year under review.

Within this environment, identifying, prioritizing, integrating, and executing those topics that are material to our business, continued to be of essence and importance. Analysis of external factors that included political, economic, social, technological, environmental, legal, and regulatory landscapes played a key role in ensured value delivery to various stakeholder groups, in a consistent and relevant manner.

Our Approach

Identify: Market Analysis, PESTEL, SWOT, Stakeholder Engagement and Internal discussions help us identify those issues that are of material importance to the Company.

Evaluation of Strategic Relevance : Weighing the identified issues against their relevance to strategy.

Prioritizing : Based on the severity of the impact, structuring the issues that needs the highest and close scrutiny and management.

Reporting based on Materiality: Disclosures, Risk mitigation and accurate reporting to ensure long term sustainability.

Material Matters	Relative Impact		Capitals Impacted	Changes in Materiality	GRI / SASB Standard	Our Response
	To the Company	By the Company				
Financial stability and profitability	High	High	All Capitals	No change	GRI 201 UNSDG 1 & 2	Financial Capital - Page 44
Macroeconomic Conditions, Interest Rates /Public Policy	High	Low	All Capitals		GRI 201: GRI 415 UNSDG 16	Operating Environment - Page 30
Branch/Geographical Expansion	High	High	Social and Relationship Capital	No Change	GRI 202 UNSDG 1,5 & 8	Manufactured Capital - Page 67
Corporate Governance / Responsible Business Practices	Medium	High	All Capitals	No Change	GRI2-9	Corporate Governance - Page 84
Procurement Practices	Low	Medium	Social and Relationship Capital	No Change	GRI 204, GRI 414 UNSDG 8	Social & Relationship Capital - Page 70
Employee Satisfaction	High	High	Human Capital	No Change	GRI 401 UNSDG 8 & 5	Human Capital - Page 53

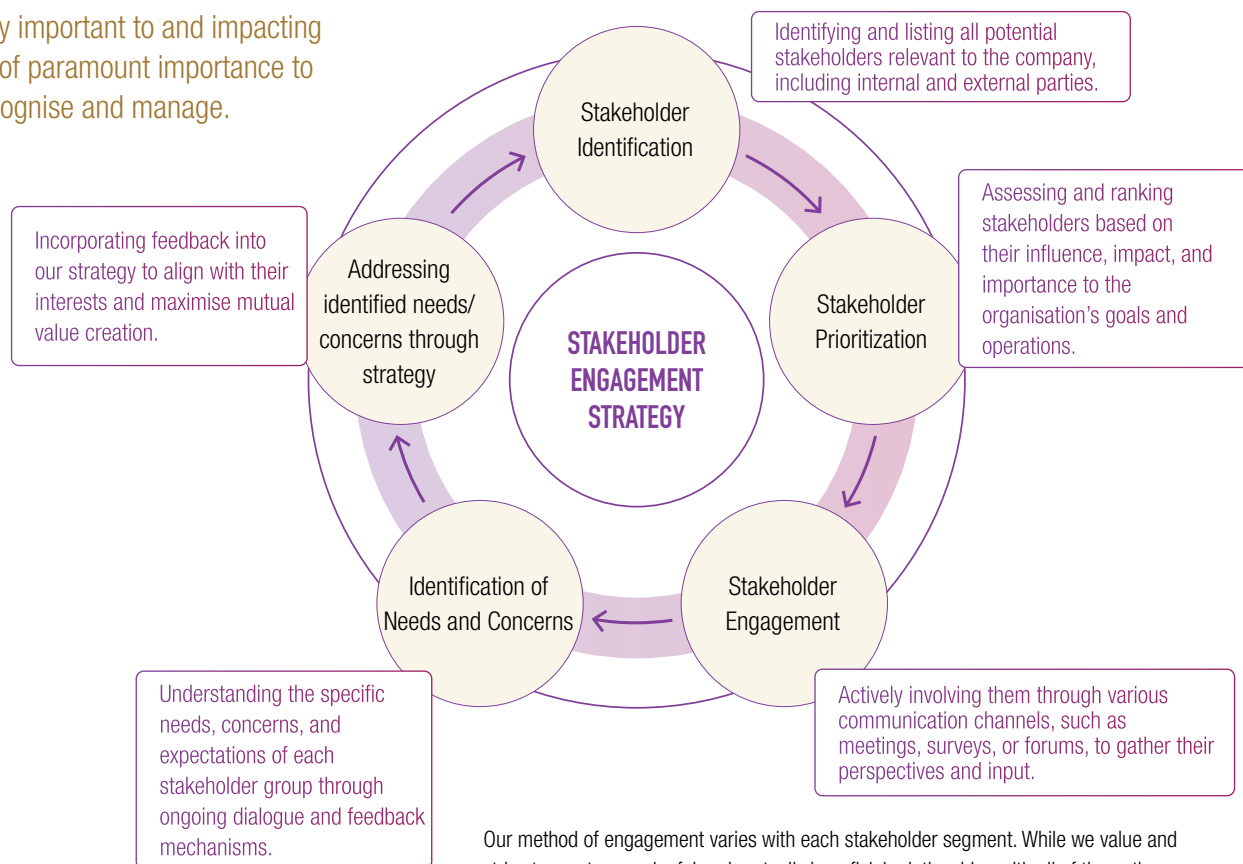
Material Matters	Relative Impact		Capitals Impacted	Changes in Materiality	GRI / SASB Standard	Our Response
	To the Company	By the Company				
Anti-Corruption	High	High	Social and Relationship Capital	No Change	GRI 205 UNSDG 16	Social & Relationship Capital - Page 70
Retention Training and Development	High	High	Human Capital	No Change	GRI 404 UNSDG 4 & 10	Human Capital - Page 53
Health and Safety	Low	Medium	Social and Relationship Capital/Human Capital	No Change	GRI 416, GRI 403 UNSDG3	Human Capital - Page 53
Transparent and Fair Advice to Customers/Customer Service Excellence	High	High	Social and Relationship Capital/Human Capital	Inclusion of SASB Standard for Finance	SASB FN-IN-270a.4	Social and Relationships Capital - Page 70
Customer Privacy	High	High	Social and Relationship Capital	No Change	GRI 418 UNSDG 16	Social and Relationships Capital - Page 70
Occupational Health and Safety	High	High	Human Capital / Customer Capital	No Change	GRI 403 UNSDG 3,8 & 16	Human Capital - Page 57
Local Communities	Low	Medium	Social and Relationship Capital	No Change	GRI 413 UNSDG 1 & 2	Social & Relationship Capital - Page 70
Diversity, Equal Opportunity, and Non-Discrimination-Gender Parity	Medium	High	Human Capital	No Change	GRI 405, GRI 406 UNSDG 5 & 8	Human Capital - Page 53
Environmental Risk Exposure	Medium	Medium	Social and Relationship Capital	Inclusion of SASB Standard for Finance	GRI 302, 303, 306, 307, 419 UNSDG 7,8,12 & 13 / SASB FN-IN-450a.1, 2, 3	Natural Capital - Page 76
Digital Transformation	Medium	Medium	Intellectual Capital	No change	GRI 301 UN SDG 9	Financial capital / Manufactured capital / Social and relationship capital / Natural capital - Pages 44 to 78

STAKEHOLDER ENGAGEMENT

In our journey through the years leaving a steady footprint in the finance industry in Sri Lanka which we continue to strengthen, the quality of our relationships with our stakeholders and those matters materially important to and impacting them, is of paramount importance to us to recognise and manage.

Our Focus

Stakeholder mapping is done on a clearly defined process that ensures we focus on the many different groups of stakeholders to identify matters that materially impact them and define methodologies to suit each individual group in managing their expectations. As a Company with a strong brand name in the market our stakeholder engagement process is based on a clear vision and is aligned to the overall strategy. We implement a five-pronged strategy for stakeholder engagement.



Our method of engagement varies with each stakeholder segment. While we value and strive to create meaningful and mutually beneficial relationships with all of them, the level of engagement depends on our impact on them how their business behaviours impact the Company.



Regulators: Be always compliant to various laws and regulations that govern our business.



Investors and Customers: Manage closely to identify any needs/concerns and address them speedily



Community and Suppliers: Monitor closely to identify risk gaps and brand protection



Employees: Motivate, train, incentivize and keep informed

Stakeholder	Engagement Channel	Frequency	Key Concerns	Our Response
Employees	Intranet, emails, memos, new policies, grievance mechanism, performance appraisals, annual surveys, staff meetings, virtual meetings.	Ongoing and periodic	Work-life balance, health and safety, remuneration, career development, communication	We implemented Year-round work-life balance initiatives, enhanced health and safety measures, offered attractive remuneration and benefits, flexible working conditions for work, opportunities for skills development and career progression, while encouraged an environment of open communication to escalate any grievances. For details, please refer to Human Capital section on page 53.
Shareholders	Announcements to Colombo Stock Exchange, Annual General Meeting, publications.	Periodic and event-based	Sustained growth, relevance of strategy, leadership strength, corporate governance, risk management, transparency, financial stability.	We have crafted a clear vision and a well-defined Strategy for sustainable value delivery, high standards of corporate governance, prudent risk management, robust financial investment, and transparency in business dealings. These are set out, throughout the Report.
Suppliers	Tender notices, site visits, desk reviews, periodic meetings, written communication.	Periodic and project-based	Ease of transacting, mutually beneficial relationships, fair pricing, opportunities for growth, transparent procurement processes	We implemented Supplier development initiatives, fair pricing practices, transparent procurement processes, and onboard screening to ensure supplies are sourced ethically and without endangering the environment.
Customers	Interactions at branch network, timely information, satisfaction surveys, call center, digital platforms, online and social media interactions.	Ongoing and transaction based	Professional customer service, innovative solutions, convenience, omnichannel solutions, health and safety, and digital engagement	We have implemented a strong customer-centric culture with a top-down grievance handling process. We encouraged the use of digital channels, and increased social media presence.
Community	Specific engagement activities, press releases, social media engagement	Ongoing on several fronts.	Employment generation, responsible business conduct, community empowerment, financial inclusion, reducing our carbon footprint, ensuring our business does not endanger the sustainability of the environment, and taking climate action to circumvent adverse climatic impacts.	We conducted specific CSR initiatives, optimized resource usage, and carried out community development projects, being aware of our responsibility for the wellbeing of the community and biodiversity of the environment.
Regulators	Circulars, guidelines, compliance reports, financial disclosures	Ongoing and event-based	Compliance with all tax and other regulations, socio-economic impact, customer due diligence	Compliance, socio economic contribution environmental stewardship, timely payment of taxes.

STAKEHOLDER ENGAGEMENT

Customer Interactions

Among other factors, the success of the Company depends largely in the way we onboard and nurture our valued customers, offering them flexibilities and support where necessary. Within the past several years, when the pandemic was followed by a severe economic crisis, we offered flexibility on many fronts.

**Complaints Handling Procedure
resolving all complaints**

**Default Handling Mechanism ensuring
retained loyalty, agreed on mutually
beneficial terms**

**Digitization process to allow realtime and
easy access to the Company**

**Customer Satisfaction
Surveys**

Supplier Interactions

As a finance company, leasing and loans are a large part of our business, among other asset and liability products. As such, we have a large base of vehicle dealers, both personal vehicles and agri-related vehicles such as tractors. Our engagement process, therefore, is multi-faceted.

**Screening and
Onboarding**

**Site
Visits**

**Creating awareness to avoid any
malpractices both by the suppliers and
employees**

**Encouraging suppliers for referrals to
expand the customer base**

Regulatory Interactions

Adherence to regulatory requirements is a non-negotiable aspect of our business. We comply with all current rules and regulations, orders and best practices issued by several primary regulatory bodies.

**Central Bank of Sri Lanka
Non Banks Finance Institutions Department**

**Finance Business
Act No. 42 of 2011**

**Colombo Stock Exchange
Listing Rules**

**Code of Ethics and Best Practice issued
by Chartered Accountants Sri Lanka**

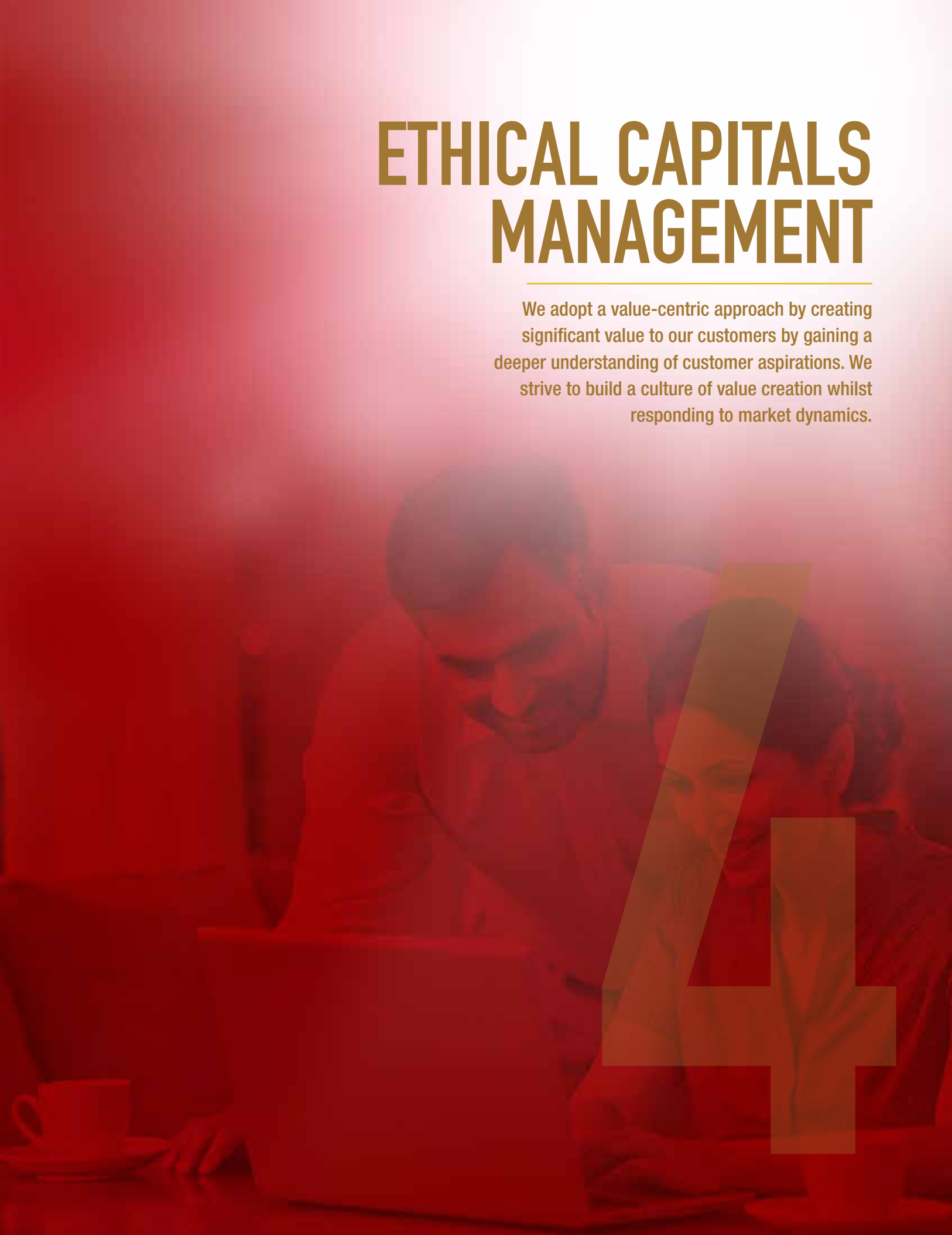
Community Interactions

Our many community interactions are recorded under Social and Relationship Capital and CSR, at page 70.

In addition, we adhere to the supreme law of the country and the many global and international standards that stipulate the Environment, Social and Governance framework, for sustainable development. We have no active or ongoing engagement with these bodies except to ensure the application of stipulated principles to our daily operations

ETHICAL CAPITALS MANAGEMENT

We adopt a value-centric approach by creating significant value to our customers by gaining a deeper understanding of customer aspirations. We strive to build a culture of value creation whilst responding to market dynamics.



FINANCIAL CAPITAL



HIGHLIGHTS IN FY 2023/24

Growth	Deposits 16% Rs.22.18 Bn	Loans & Leases 15% Rs.27.71 Bn	Total Assets 15% Rs.36.59 Bn
	Net Interest Margins 9.58% 2022/23 - 9.41%	Total Revenue Increase 7% 2022/23 - 38%	ROE 7.93% 2022/23 - 8.44%
Profitability	Asset Quality Non Performing Loans 10.25% 2022/23 - 17.11%	Liquidity Liquid Assets to Total Assets 29.20% 2022/23 - 21.18%	ROA 1.18% 2022/23 - 1.32%
	Asset Quality Industry Average as at 31.12.2023 17.76%	Liquidity Industry Average as at 31.12.2023 14.09%	Capital Adequacy Core Capital: 15.62% 2022/23 - 20.01%
Asset Quality	Total Capital: 18.54% 2022/23 - 25.60%		
	CBSL Minimum Requirement Core: 8.5% Total: 12.5%		

As a Licensed Finance Company (LFC), management of financial capital is integral to our business model. Financial stability, sustained profitability, risk management and timely reporting are overarching objectives in managing this key capital. SF achieves this by managing its capital allocations to drive short, medium- and long-term profitability in alignment with forecast movements of various risk factors.

Management approach to Financial Capital management

The company's approach to financial capital management is centered on smart allocation, particularly in expanding its loan portfolio to drive both short-term and long-term profitability, all while carefully managing the risks associated with lending. Despite grappling with challenges such as fluctuations in interest rates and inflation, the company adeptly navigates interest rate risks by making strategic investments and optimizing fund usage, thereby sustaining profitability even in challenging economic climates. Further, the company strived to mobilise low cost funds utilizing every available option to increase the interest spread.

Auxiliary services are being provided by the company to the benefit of the customers. Through such services, Singer Finance provides convenience to its customers and such services are compensated via additional fees.

Additionally, the company prioritises efficient operational cost management, ensuring expenses are well-controlled and resources are utilized effectively. The company has compensated its human capital by providing commensurate benefits and perks which are above or par with the market. In a year where the cost increased exuberantly, the cost management took center stage in controlling cost items of the company. Due to strategies adopted in managing cost efficiently and effectively ensured that the company maintained its operational cost within the budgeted cost parameters. The company placed more emphasis on its Above The Line marketing campaigns during the year with the objective of improving the brand recall in the minds of the customers. We will engage in ATL marketing activities continuously in time to come.

Company paid taxes based on the rules and regulations prevailed during the year. Prudent tax management strategies were adopted when taxation was calculated and paid.



Investment decisions in the company (including expansion of branch network) are taken after thorough risk assessments, and Investments are channelled into diverse income streams to maximise value for shareholders. By adhering to sound capital and debt management practices, and maintaining transparency and sustainability in its operations, the company not only ensures prudent capital utilization but also fosters stakeholder trust and drives sustainable growth in the long term.

Adequate steps have been taken to provide for impairment in instances where the company foresee a requirement to make provision for bad debts or falling value of assets. Further, in order to reduce the impact on impairment strict credit underwriting mechanisms are being used. This process will ensure that the company has a high-quality Loan book, through which the company earns its interest income.

The funding base is mainly constituted of deposits, while bank and other borrowings are part of the funding base to a lesser extent. The company canvass deposits at the prevailing market rates. This had a negative impact when the interest rates started to fall as the net interest margin of the company was affected due to reducing lending rates. We are optimistic that the company will enjoy increased interest spread after the first quarter of FY 2024/25 upon repricing of deposits which were canvassed at higher rates.

Financial performance

Horizontal analysis of income statement for the past 5 years

	CAGR	2024		2023		2022		2021		2020	
		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn	
Gross Income	15%	8,113	7%	7,553	38%	5,487	16%	4,714	3%	4,598	11%
Interest Income	15%	7,573	6%	7,143	40%	5,113	15%	4,428	3%	4,310	13%
Interest Expense	25%	(4,793)	6%	(4,528)	133%	(1,947)	1%	(1,921)	-4%	(1,991)	21%
Net Interest Income	5%	2,780	6%	2,614	-17%	3,167	26%	2,508	8%	2,319	7%
Other Operating Income	17%	541	32%	410	10%	373	31%	285	-1%	288	-7%
Total Operating Income	6%	3,321	10%	3,024	-15%	3,540	27%	2,793	7%	2,607	5%
Impairment charges/reversals	-79%	127	189%	44	-111%	(413)	-14%	(483)	35%	(358)	27%
Other Operating Expense	16%	(2,476)	19%	(2,073)	10%	(1,879)	26%	(1,494)	10%	(1,359)	12%
Tax on Financial Services	5%	(320)	1%	(317)	10%	(288)	35%	(213)	-18%	(260)	0%
Profit Before Income Tax	1%	652	-4%	679	-29%	959	59%	602	-4%	630	-13%
Income Tax Expense	1%	(248)	-8%	(270)	-20%	(338)	76%	(192)	-20%	(241)	33%
Profit for the Year	1%	404	-1%	409	-34%	621	51%	410	5%	389	-28%

The period analyzed for horizontal analysis was affected by macroeconomic events beyond the company's control. Consequently, the Compound Annual Growth Rate (CAGR) reflects low growth rates. Gross Income reached Rs. 8,113 million, reflecting a 15% CAGR, while Interest Income also grew at a 15% CAGR to Rs. 7,573 million. However, Interest Expense increased sharply at a 25% CAGR, amounting to Rs. 4,793 million, which moderated the Net Interest Income growth to a 5% CAGR, totaling Rs. 2,780 million. Other Operating Income saw a strong 17% CAGR, rising to Rs. 541 million. Total Operating Income grew by 6% CAGR to Rs. 3,321 million. Impairment Charges were volatile, decreasing to a reversal of Rs. 127 million. Other Operating Expenses increased at a 16% CAGR to Rs. 2,476 million. Despite these challenges, Profit Before Income Tax managed a slight growth of 1% CAGR, reaching Rs. 652 million, and Income Tax Expense stood at Rs. 248 million. Ultimately, Profit for the Year remained stable with a 1% CAGR, amounting to Rs. 404 million.

Vertical analysis of income statement for the past 5 years

	2024		2023		2022		2021		2020	
	Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn	
Gross Income	8,113	100%	7,553	100%	5,487	100%	4,714	100%	4,598	100%
Interest Income	7,573	93%	7,143	95%	5,113	93%	4,428	94%	4,310	94%
Interest Expense	(4,793)	-59%	(4,528)	-60%	(1,947)	-35%	(1,921)	-41%	(1,991)	-43%
Net Interest Income	2,780	34%	2,614	35%	3,167	58%	2,508	53%	2,319	50%
Other Operating Income	541	7%	410	5%	373	7%	285	6%	288	6%
Total Operating Income	3,321	41%	3,024	40%	3,540	65%	2,793	59%	2,607	57%
Impairment charges/reversals	127	2%	44	1%	(413)	-8%	(483)	-10%	(358)	-8%
Other Operating Expense	(2,476)	-31%	(2,073)	-27%	(1,879)	-34%	(1,494)	-32%	(1,359)	-30%
Tax on Financial Services	(320)	-4%	(317)	-4%	(288)	-5%	(213)	-5%	(260)	-6%
Profit Before Income Tax	652	8%	679	9%	959	17%	602	13%	630	14%
Income Tax Expense	(248)	-3%	(270)	-4%	(338)	-6%	(192)	-4%	(241)	-5%
Profit for the Year	404	5%	409	5%	621	11%	410	9%	389	8%

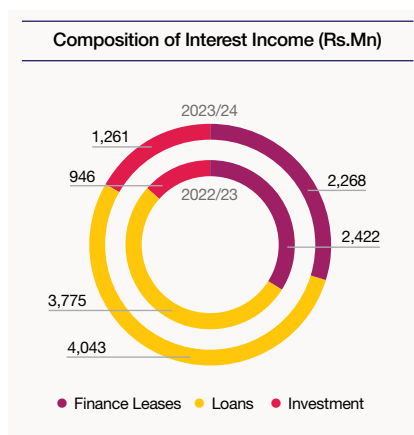
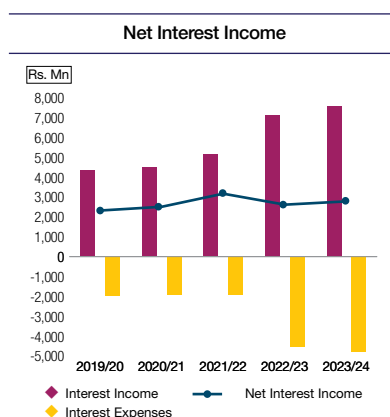
FINANCIAL CAPITAL

Examining the income statement through vertical analysis reveals key insights into the distribution of income and expenses. Interest income has consistently dominated total income, making up 93% to 95% over the past five years. Interest expenses, on the other hand, have varied between 35% and 60% of total income. Taxes, including the Tax on Financial Services and Income Tax Expense, have collectively represented 7% to 11% of income, underscoring a significant fiscal responsibility. Despite fluctuations in operational costs and impairment charges, the company has managed to sustain a steady growth trajectory in profitability. With profit margins ranging from 5% to 11%, the company has effectively ensured returns for its shareholders.

Net interest income

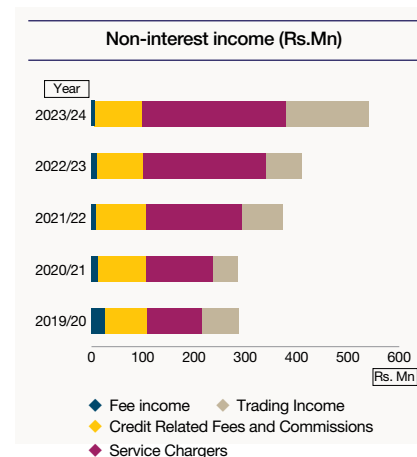
The increase in net interest income from 2023 to 2024, amounting to Rs. 165.62 million, can be attributed to several key factors. Firstly, there was a notable rise in interest income from loans, indicating an uptick in lending activities and benefiting from higher interest rates during the year. Additionally, there was a significant increase in interest income from financial instruments, particularly Treasury Bills and Bonds, driven by higher returns on investments due to high rates from government securities and strategic investment decisions. Moreover, interest income on placements with banks also contributed positively to the net interest income.

Conversely, the interest expense saw a moderate increase over last year primarily due to higher interest on fixed deposits resulting from elevated interest rates and growth in the deposit base. This increase in interest expense was partially offset by decreased expenses in areas such as bank overdrafts, debentures, and securitization. These combined factors effectively enhanced the net interest income, reflecting the company's strategic financial management and investment decisions.



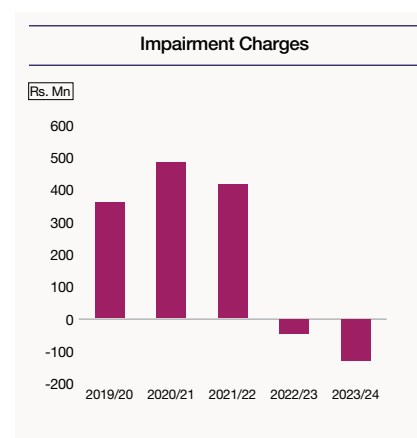
Non-interest income

In 2024, the total non-interest income recorded a substantial increase of Rs. 130.68 million, representing a growth of almost 32% compared to the previous year. This significant surge was driven by several factors across Fee & Commission Income and Other Operating Income. Within Fee & Commission Income, the primary contributor to the increase was a Rs. 38.55 million surge in service charge income, stemming from the expansion of business in loans and leases. Additionally, insurance commission rose by Rs. 3.04 million. Moreover, a Rs. 34.86 million gain on mark-to-market valuation of Treasury Bonds further contributed to the increase. These combined factors underscore the company's strategic initiatives in diversifying its revenue streams and capitalizing on market opportunities.



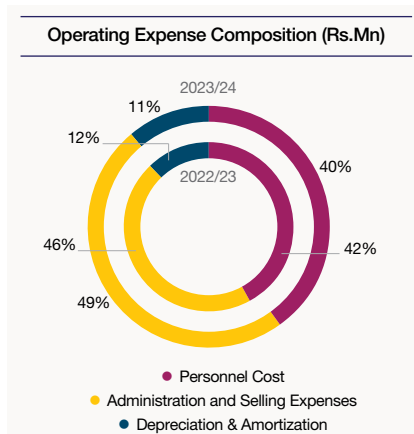
Impairment Charges

The company's impairment charge has decreased by Rs. 83.47 million, representing a reduction of 191.9%. This positive shift can be attributed to enhanced credit quality and systematic recovery strategies implemented throughout the year, leading to increased impairment reversals. Furthermore, a substantial 15% growth in the loan and lease portfolio, totalling Rs. 3.5 billion, reflects a healthier lending environment and reduced risk exposure. Favourable changes in macroeconomic conditions also contributed to minimizing the impairment charge of the company. These improvements underscore the effectiveness of our robust risk management practices and strategic focus on maintaining a high-quality loan book.



Operating expenses

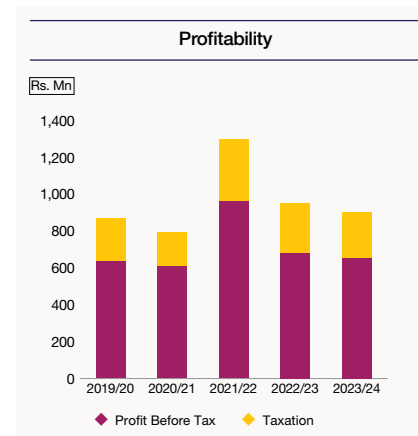
Staff costs increased by Rs. 112.62 million, reaching a total of Rs. 988.66 million, driven by the addition of new personnel, rising from 751 employees in 2023 to 942 in 2024, and the opening of two new branches. Depreciation and amortization expenses also saw a rise of Rs. 31.07 million due to the establishment of these new branches, renovations in existing branches to expand businesses, and investments in software and computer equipment aimed at enhancing efficiency in business processes. Additionally, other operating expenses totalled Rs. 259.10 million, significantly influenced by a substantial hike in electricity and water costs, expenses associated with the new branches, and inflation-driven increases in various operational costs. Furthermore, the company increased its investment in marketing strategies, with advertising and promotions expenditure rising compared to the previous year, reflecting a strategic push to enhance brand visibility and market presence.



Profitability & Taxation

The Company recorded a marginal 1% decrease in profit after tax, amounting to Rs. 404.23 million. Despite this slight dip, net interest income rose by 6% to Rs. 2,780 million, driven by high-yielding lending products, and strategic investments in Treasury bills and bonds. Other income saw a

substantial surge of 32%, reaching Rs. 540.76 million. Total expenses increased by 19% to Rs. 2,475.47 million, reflecting higher operational costs. However, income tax expense during the period has decreased by 8%. These factors collectively shaped the company's financial performance for the year.



Financial Stability

Horizontal analysis of SOFP for the past 5 years

	CAGR	2024		2023		2022		2021		2020	
		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn	
ASSETS											
Cash and Cash Equivalents	106%	3,825	51%	2,537	203%	838	-18%	1,021	377%	214	-32%
Placement with Banks	26%	254	-82%	1,414	699%	177	190%	61	-40%	101	22%
Financial assets measured at fair value through profit or loss (FVTPL)	100%	464	100%	-	100%	-	100%	-	100%	-	100%
Hire Purchase Receivables	-100%	-	0%	-	0%	-	0%	-	0%	4	0%
Finance Lease Receivables	-8%	10,936	23%	8,887	-31%	12,954	-6%	13,720	-8%	14,959	7%
Loans and Advances	34%	16,774	10%	15,310	14%	13,396	82%	7,371	42%	5,195	34%
Financial assets measured at fair value through other comprehensive income	100%	2	0%	2	100%	-	0%	-	0%	-	0%
Financial assets at amortised cost-Debt and other financial instruments	33%	2,479	23%	2,014	43%	1,413	74%	813	3%	790	27%
Due From Related Companies	-100%	-	0%	-	0%	-	0%	418	0%	186	0%
Deferred Tax Assets	100%	93	-18%	113	43%	79	1480%	5	100%	-	100%
Intangible Assets	20%	88	10%	80	16%	69	57%	44	5%	42	-9%
Property, Plant & Equipment	18%	638	2%	624	41%	444	19%	373	14%	328	48%
Right-of-use assets / Lease assets	11%	698	4%	674	4%	646	11%	584	25%	468	100%
Other Assets	7%	343	17%	294	19%	247	-5%	261	0%	260	-11%
Total Assets	13%	36,594	15%	31,949	6%	30,263	23%	24,671	9%	22,547	15%

FINANCIAL CAPITAL

	CAGR	2024		2023		2022		2021		2020	
		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn	
LIABILITIES											
Other Financial Liabilities Due to Customers	33%	22,180	16%	19,196	56%	12,295	16%	10,643	48%	7,176	18%
Interest Bearing Loans & Borrowings	-7%	6,870	13%	6,066	-44%	10,779	44%	7,471	-19%	9,228	39%
Lease Liabilities	15%	839	11%	758	5%	722	17%	615	29%	476	100%
Due To Related Companies	-29%	105	-9%	116	61%	72	-84%	456	13%	405	-60%
Bank Overdraft	-4%	532	13200%	4	-99%	600	99%	302	-51%	618	-46%
Current Tax Liabilities	-6%	92	-60%	229	-12%	260	33%	196	68%	117	-47%
Deferred Tax Liabilities	-100%	-	0%	-	0%	-	0%	-	0%	77	0%
Retirement Benefit Obligations	22%	162	26%	129	28%	101	22%	83	14%	73	16%
Other Liabilities	6%	600	26%	476	-28%	659	12%	587	25%	468	-45%
Total Liabilities	14%	31,380	16%	26,974	6%	25,488	25%	20,353	9%	18,638	17%
EQUITY											
Stated Capital	0%	1,996	0%	1,996	0%	1,996	0%	1,996	0%	1,996	0%
Reserve Fund	16%	336	32%	255	9%	235	16%	203	11%	183	12%
Fair Value Reserve of Financial Assets at FVOCI	19%	2	0%	2	100%	-	0%	-	0%	-	0%
Regulatory Loss Allowance Reserve	19%	51	100%	-	100%	-	100%	-	100%	-	100%
Retained Earnings	13%	2,829	4%	2,722	7%	2,544	20%	2,119	22%	1,730	25%
Total Equity	7%	5,214	5%	4,975	4%	4,775	11%	4,318	10%	3,909	10%
Total Liabilities & Equity	13%	36,594	15%	31,949	6%	30,263	23%	24,671	9%	22,547	15%

The horizontal analysis of our Statement of Financial Position reveals significant growth, with Total Assets rising by 13% CAGR, from Rs. 22,547 million in 2020 to Rs. 36,594 million in 2024, and Total Liabilities increasing by 14% CAGR, reaching Rs. 31,380 million in 2024. Cash and Cash Equivalents increased at a CAGR of 106%, and Loans and Advances grew at 34%. Other Financial Liabilities Due to Customers increased by 33% CAGR, while Interest-Bearing Loans and Borrowings decreased by 7% CAGR. Retained Earnings and the Reserve Fund demonstrated steady growth, contributing to a 7% CAGR in Total Equity. Overall, the company's financial position reflects significant asset growth, healthy equity increase, and effective management of borrowings.

Vertical analysis of SOFP for the past 5 years

	2024		2023		2022		2021		2020	
	Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn	
ASSETS										
Cash and Cash Equivalents	3,825	10%	2,537	8%	838	3%	1,021	4%	214	1%
Placement with Banks	254	1%	1,414	4%	177	1%	61	0%	101	0%
Financial assets measured at fair value through profit or loss (FVTPL)	464	1%	-	0%	-	0%	-	0%	-	0%
Hire Purchase Receivables	-	0%	-	0%	-	0%	-	0%	4	0%
Finance Lease Receivables	10,936	30%	8,887	28%	12,954	43%	13,720	56%	14,959	66%
Loans and Advances	16,774	46%	15,310	48%	13,396	44%	7,371	30%	5,195	23%
Financial assets measured at fair value through other comprehensive income	2	0%	2	0%	-	0%	-	0%	-	0%
Financial assets at amortised cost-Debt and other financial instruments	2,479	7%	2,014	6%	1,413	5%	813	3%	790	4%
Due From Related Companies	-	0%	-	0%	-	0%	418	2%	186	1%
Deferred Tax Assets	93	0%	113	0%	79	0%	5	0%	-	0%
Intangible Assets	88	0%	80	0%	69	0%	44	0%	42	0%
Property, Plant & Equipment	638	2%	624	2%	444	1%	373	2%	328	1%
Right-of-use assets / Lease assets	698	2%	674	2%	646	2%	584	2%	468	2%
Other Assets	343	1%	294	1%	247	1%	261	1%	260	1%
Total Assets	36,594	100%	31,949	100%	30,263	100%	24,671	100%	22,547	100%

	2024		2023		2022		2021		2020	
	Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn	
LIABILITIES										
Other Financial Liabilities Due to Customers	22,180	61%	19,196	60%	12,295	41%	10,643	43%	7,176	32%
Interest Bearing Loans & Borrowings	6,870	19%	6,066	19%	10,779	36%	7,471	30%	9,228	41%
Lease Liabilities	839	2%	758	2%	722	2%	615	2%	476	2%
Due To Related Companies	105	0%	116	0%	72	0%	456	2%	405	2%
Bank Overdraft	532	1%	4	0%	600	2%	302	1%	618	3%
Current Tax Liabilities	92	0%	229	1%	260	1%	196	1%	117	1%
Deferred Tax Liabilities	-	0%	-	0%	-	0%	-	0%	77	0%
Retirement Benefit Obligations	162	0%	129	0%	101	0%	83	0%	73	0%
Other Liabilities	600	2%	476	1%	659	2%	587	2%	468	2%
Total Liabilities	31,380	86%	26,974	84%	25,488	84%	20,353	82%	18,638	83%
EQUITY										
Stated Capital	1,996	5%	1,996	6%	1,996	7%	1,996	8%	1,996	9%
Reserve Fund	336	1%	255	1%	235	1%	203	1%	183	1%
Fair Value Reserve of Financial Assets at FVOCI	2	0%	2	0%	-	0%	-	0%	-	0%
Regulatory Loss Allowance Reserve	51	0%	-	0%	-	0%	-	0%	-	0%
Retained Earnings	2,829	8%	2,722	9%	2,544	8%	2,119	9%	1,730	8%
Total Equity	5,214	14%	4,975	16%	4,775	16%	4,318	18%	3,909	17%
Total Liabilities & Equity	36,594	100%	31,949	100%	30,263	100%	24,671	100%	22,547	100%

In our annual report, the vertical analysis of our financial position underscores a balanced approach to capital management. We've strategically allocated resources to Finance Lease Receivables and Loans and Advances, reflecting our commitment to growth while managing risk. Concurrently, prudent reduction in liabilities like Interest-Bearing Loans & Borrowings highlights our efforts to maintain a healthy balance sheet. Our Equity section demonstrates a dedication to long-term value creation through consistent contributions to reserves and retained earnings. Overall, this analysis showcases our commitment to financial stability and sustainable growth.

Total assets

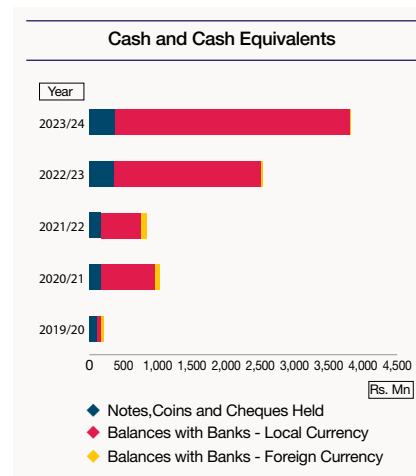
The Company experienced a remarkable increase in its total assets, reaching Rs. 36.59 billion compared to Rs. 31.95 billion in the previous year, marking an increase of Rs. 4.64 billion, equivalent to a growth rate of 15%. This growth was primarily driven by an increase in loan and lease receivables, which grew from Rs. 24.20 billion to Rs. 27.70 billion, an uptick of Rs. 3.50 billion. Cash and cash equivalents also saw a significant rise, increasing from Rs. 2.54 billion in 2022/23 to Rs. 3.83 billion in 2023/24, a substantial increase of Rs. 1.29 billion, which corresponds to a growth rate of 51%.

Conversely, placements with banks declined sharply, dropping from Rs. 1.41 billion to Rs. 0.25 billion, reflecting a decrease of Rs. 1.16 billion. Meanwhile, investments in Treasury bills grew from Rs. 2.01 billion to Rs. 2.48 billion, an increase of Rs. 0.46 billion. These strategic allocations and additions during the year contributed to the overall growth in total assets.

Cash and cash equivalents

As of 31st March 2024, the Company's total liquid assets rose to Rs. 3.83 billion, marking a substantial increase from Rs. 2.54 billion in the previous fiscal year, reflecting a rise of Rs. 1.29 billion. This surge in liquid assets is primarily attributed to a significant increase in cash holdings with banks in local currency, which grew by 60% to reach Rs. 3.42 billion in 2024 compared to Rs. 2.15 billion in 2023.

Additionally, within this cash holding, Rs. 3.13 billion was invested in high-rate money market accounts, demonstrating a significant increase from Rs. 1.91 billion in the previous year. This strategic investment in liquid, high-yield accounts contributed to the robust growth in cash and cash equivalents. Furthermore, the liquid asset ratio as of 31st March 2024 stands at 29.20%, showing a significant increase from the previous year's ratio of 21.18%, indicating an increase of 8.02 percentage points. This improved liquidity ratio underscores the Company's strengthened ability to meet short-term obligations and seize new investment opportunities.

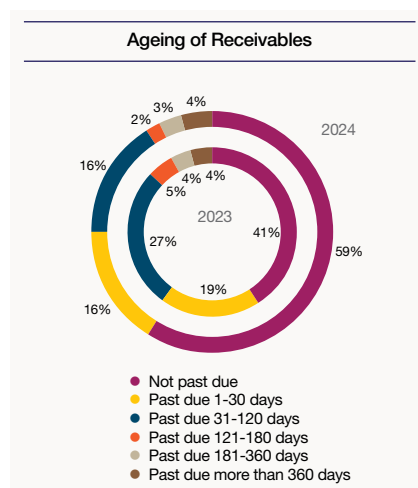
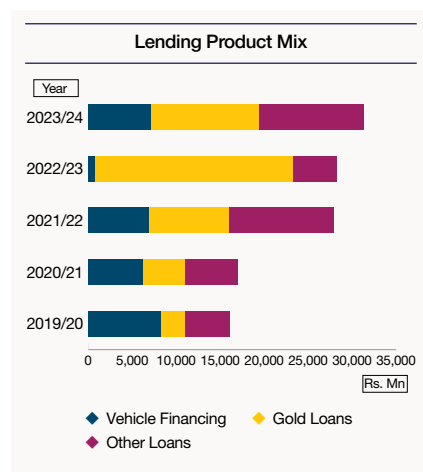


FINANCIAL CAPITAL

Lending portfolio

The Company recorded a total increase of 15% in its lending portfolio during the year, amounting to Rs. 3.5 billion. This growth was primarily driven by a significant increase of 23% in the leasing portfolio, which rose by Rs. 2.05 billion, making it the largest component of the lending portfolio. Additionally, the loan and advance portfolio saw a 10% increase, amounting to Rs. 1.46 billion.

The strategic shift to maintain a balanced receivable mix was reflected in the significant growth of leasing receivables, highlighting the Company's adaptability and focus on optimizing its portfolio composition. The loan and advance portfolio comprises of a diverse range of financial products, including gold loans, vehicle loans, personal loans, mortgage loans, fixed deposit loans, group personal loans, and revolving loans, among others. This diversified approach ensures that the Company caters to various customer needs while managing risk effectively.



Credit quality

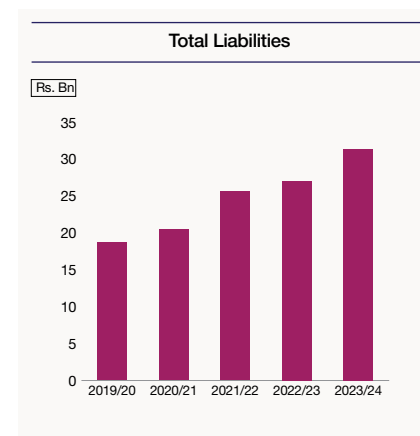
The Company has demonstrated significant improvement in its credit quality, as evidenced by a substantial reduction in its Non-Performing Loan (NPL) ratio, which decreased to 10.25% in the current year from 17.11% in the previous year. This remarkable 40% reduction occurred despite challenging macroeconomic conditions and persistent high inflation in the country, underscoring the effectiveness of the Company's credit risk management strategies.

To maintain and enhance the credit quality of its loan portfolio, the Company employs a range of rigorous measures and controls, including comprehensive recovery plans and robust risk-mitigating procedures. These proactive steps have been instrumental in managing the increased risk associated with a growing loan portfolio.

Amid a substantial 15% increase in the loan and lease portfolio, amounting to Rs. 3.5 billion, the Company's ability to significantly lower its NPL ratio stands as an exceptional achievement, reflecting its commitment to maintaining a high-quality credit portfolio and ensuring financial stability.

Total liabilities

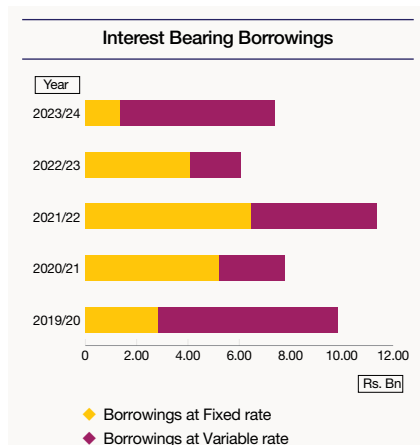
The Company's total liabilities experienced a significant increase, amounting to Rs. 31.38 Bn as of 31st March 2024, compared to Rs. 26.97 Bn recorded in the previous year, reflecting a 16% variance. Notably, Other Financial Liabilities Due to Customers rose by Rs. 2.98 Bn, reaching Rs. 22.18 Bn, marking a 16% increase from the previous year. Interest Bearing Loans & Borrowings saw a rise of 13%, amounting to Rs. 6.87 Bn. Additionally, Bank Overdraft reported Rs. 0.53 Bn as at 31st March 2024. Despite these significant increases, the Company managed its liabilities by opting for low-interest fund resources to maximise shareholder returns. This strategic approach underscores the Company's commitment to optimizing its financial resources while ensuring favorable returns for its shareholders.



Due to banks

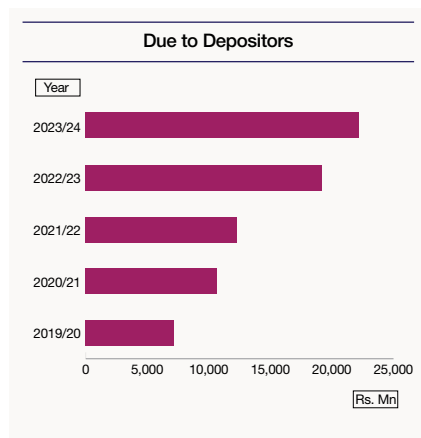
The compound impact of bank loans, securitization, and overdrafts led to an overall increase of Rs. 2.56 billion from 2023 to 2024, underscoring a significant rise in bank financing. Bank loans surged by Rs. 3.50 billion, signifying company's ability to attract bank borrowings in a period of volatility. while securitization fell by Rs. 1.47 billion due to the repayment of high-interest loans. Bank overdrafts increased by Rs. 0.53 billion, reflecting strategic financial decisions as the company was able to draw from Overdrafts at preferential rates. The decline of Rs. 0.41 billion in fixed-rate bank loans suggests a

shift from fixed to variable rates, as evidenced by a Rs. 4.44 billion increase in variable-rate loans. This indicates a preference for variable rates as market conditions improved.



Due to depositors

The total amount of customer deposits held by the Company for the financial year was Rs. 22.18 billion, an increase of Rs. 2.98 billion from the previous year. This growth was driven by a 14% rise in fixed deposits, reaching Rs. 21.54 billion, and a substantial 71% increase in savings deposits, now at Rs. 0.64 billion. These increases highlight strong customer confidence and effective engagement strategies. The company's fixed deposit renewal ratio remained close to 70%, showcasing the Company's ability to retain customer trust and satisfaction while maintaining adequate liquidity for business operations.



Debt instruments issued

Value of Debentures decreased from Rs. 3.5 billion at the beginning of the year to Rs. 2.2 billion at the end of the financial year due to repayment of debentures.

Shareholders' Equity

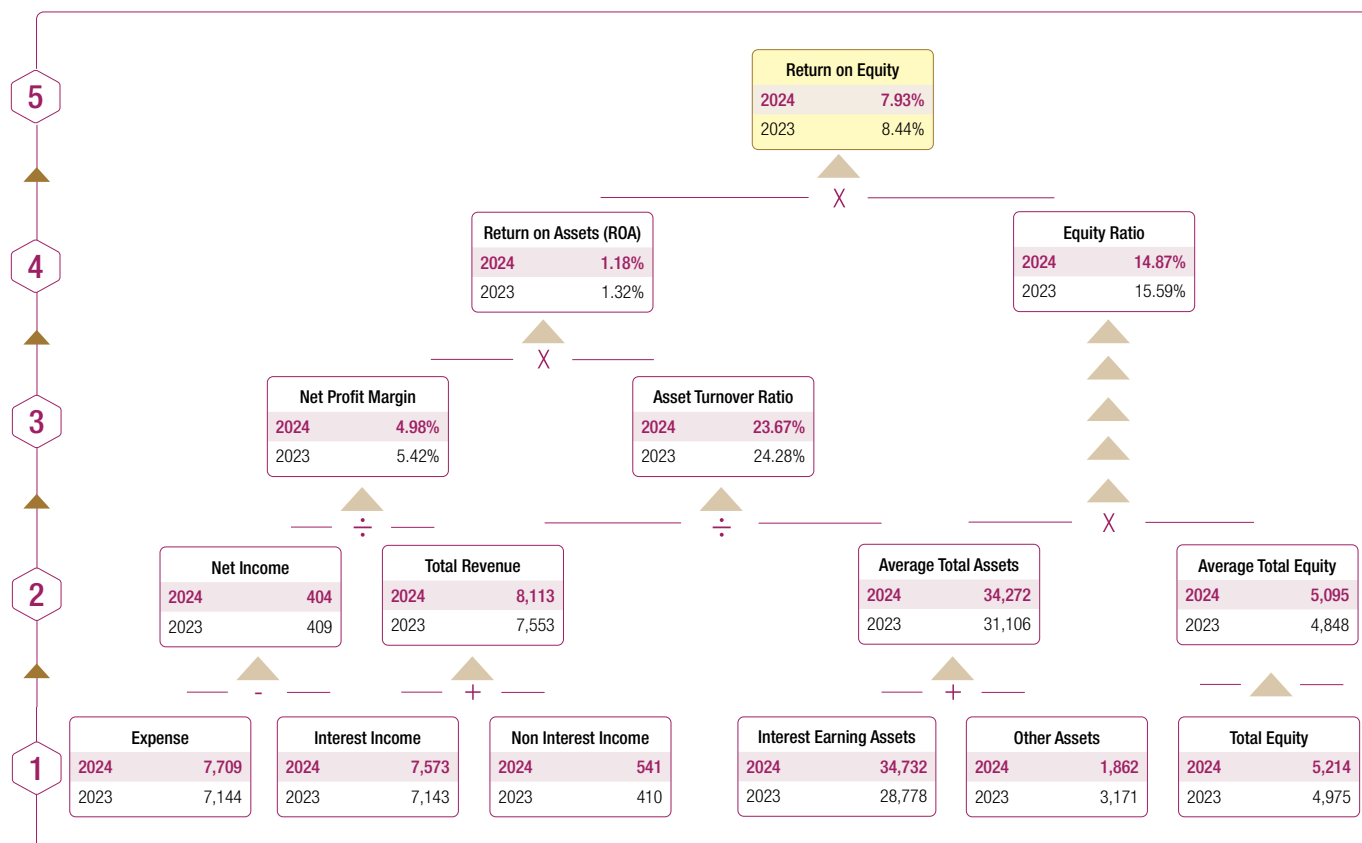
As of March 31, 2024, the Company witnessed a growth in equity, with shareholders' equity reaching Rs. 5.21 billion, a 5% increase from the previous year. This growth is attributed to Stated Capital at Rs. 1.99 billion, Retained Earnings of Rs. 2.8 billion, Statutory Reserve of Rs. 0.34 billion and other reserves of Rs. 0.5 billion. The company paid dividends amounting to Rs. 0.16 billion to its shareholders during the year.

Cash Flow Analysis

Singer Finance demonstrated adept management of liquidity and funding amidst challenging market conditions, ensuring regulatory compliance. Despite an increase in cash and cash equivalents to Rs. 3.29 billion from Rs. 2.53 billion in the previous year, strategic maneuvers resulted in a net cash flow increase of Rs. 0.76 billion. Operating activities used cash amounting to Rs. 1.45 billion, with notable components including a net increase in lease and loan portfolios and an increase in public deposits. Investing activities amounted to Rs. 1.35 billion, driven by investments in property, plant, and equipment, and withdrawal of investments. Financing activities yielded Rs. 0.86 billion, marked by a net increase in bank loans and repayments of debentures and securitization. These figures reflect the Company's commitment to prudent financial management and strategic resource allocation to meet long-term objectives.

FINANCIAL CAPITAL

Dupont Analysis (Rs.Mn)



Our strategic priorities for the year ahead are:

- Diversify the lending portfolio to sustain growth.
- Preserve credit quality of the portfolio by continuing to implement prudent credit evaluation mechanisms.
- Continue to expand the deposit base, focusing on retail fixed deposits and savings.
- Refocus on the expansion of leasing business and increasing the lease portfolio.
- Increase fee-based income of the Company.
- Further focus on cost rationalisation.
- Continue to invest in expansion of the business.
- Further strengthening the recovery process

HUMAN CAPITAL



HIGHLIGHTS IN FY 2023/24

942
Employees

71% Male

29% Female

Great Place to Work Certified with a 86 % satisfaction rating for the 6th consecutive year 2019-2023 Best Workplaces in Sri Lanka, Awarded Great Place To Work (Legends) Title, adjudged Best Workplaces in Asia for to consecutive years in 2021 and 2022 years under Large Company Category

Career Progression
Total 209 Promotions
Non Executive 138
Executive 71

employees were promoted to the next level in their career

Training and Development

- Rs. 7.1 Mn invested in training and development during the year.
- Total Training Hours 12,144
Female 4196 Male 7,948

Employee Wellbeing

Rs. 24 Mn invested in health insurance
Rs. 2.1 Mn invested in life and disability insurance

Fair Remuneration

Rs. 989 Mn in remuneration to employees



Our workforce has been the cornerstone of our journey, exhibiting unwavering dedication, loyalty, and diligence even amidst challenging times. Their resilience and commitment have been instrumental in navigating the headwinds of the past few years and propelling us towards resilient growth in the fiscal year 2023/24. As we delve into the realm of human capital, we acknowledge the pivotal role our employees play in shaping our organisational culture, driving innovation, and fostering sustainable growth.

Management Approach

The guidelines enshrined in the principles of the UN Compact, UN Women's Empowerment Principles, the principles of our parent entities and the internal HR framework of our Company, form the basis for our approach towards managing the human capital.

UN Global Compact

The ten principles - Human Rights (2), Labour (4), Environment (3) and Anti-Corruption (1)

UN Women Empowerment

Provides guidance on promoting gender equality and women's empowerment in the workplace

Creating an equal opportunity workplace where gender equality is the norm, prioritizing health and safety, engagement and maintaining open communication, defining a corporate culture that is foundational for learning and development for sustainable growth, is the framework within which we introduce, review, and communicate policies and procedures to our employees.

We are committed to creating a diverse and inclusive workplace that celebrates individual differences such as race, religion, sexual orientation, and talents. Gender parity is high on our HR agenda and have strengthened our policy framework, HR practices, and strategy to provide women with equal opportunity to fulfill their career aspirations while maintaining a good work-life balance.

With a highly visible brand embedded in country and its culture over a decade and currently aligned to one of the most diversified and respected conglomerates, Hayleys PLC, Singer Finance manages its most valuable asset, its human capital, on a robust policy framework, complying with all regulatory requirements and local laws.

The proactive approach to maintaining an HR framework that emphasizes diversity, equal opportunity, integrity, and transparency is commendable. It's clear that the Employee Code of Conduct is a pivotal element in setting the standard for professional and ethical behavior within the organisation. The commitment to updating policies to align with emerging practices demonstrates a dynamic and responsive leadership style.

HUMAN CAPITAL

This not only ensures adherence to regulatory standards and industry best practices but also cultivates a workplace culture that is attractive to high-caliber professionals. Such a culture is likely to enhance employee engagement and contribute significantly to the organisation's prosperity and reputation in the industry.

HR Policies of Singer Finance (Lanka) PLC



1. Recruitment Policy
2. Relatives Employment Policy
3. Access Control Policy
4. Sexual Harassments in Work Place Policy
5. Grievance Handling Policy
6. Dress Code Policy
7. Man Power Planning Policy
8. Training & Development Policy
9. Remuneration Policy

Talent Acquisition

GRI 2-7, 406-1

Fair and impartial recruitment based on our Recruitment Policy to acquire skilled and qualified talent is how we conduct the process in an unbiased and transparent manner. To ensure its transparency and robustness, we adhered to the online Recruitment Tracker Systems that generates recruitment related data. In 2023/24, we recruited 395 new hires to our cadre.

We recently held walk-in interviews across various branches to attract top talent. These interviews proved highly successful in engaging potential candidates directly and showcasing the company's commitment to fostering a dynamic work environment. This proactive approach provided convenient access to the recruitment process, resulting in the identification and onboarding of talented individuals poised to contribute to the company's growth.

Singer Finance's dedication to equitable recruitment practices therefore, is commendable. The implementation of a recruitment tracker system not only enhances the efficiency of the talent acquisition process but also supports the company's commitment to transparency and fairness. By focusing on merit and talent, Singer Finance ensures that the best candidates are chosen, fostering a diverse and inclusive workplace. This approach not only aligns with global best practices but also positively impacts the company culture and its operational success. The recruitment of 395 new employees is a testament to the effectiveness of these policies and the growth trajectory of the company. It's clear that Singer Finance is setting a benchmark in recruitment standards, which is essential for long-term sustainability and competitiveness in the financial sector.

Team Profile

Province	Full time		Contract		Total	
	Male	Female	Male	Female	Male	Female
Western	318	166	19	12	337	178
Southern	55	13	4	1	59	14
Central	55	14	6	2	61	16
North Western	71	19	5	1	76	20
Uva	15	2	0	0	15	2
Northern	34	15	7	5	41	20
Sabaragamuwa	19	8	0	0	19	8
Eastern	17	6	0	1	17	7
North Central	38	10	3	1	41	11
Total	622	253	44	23	666	276

Age-analysis by Staff category

Employee Category	Under 30		30-50		Over 50		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Senior management	0	0	6	1	2	2	8	3
Middle Management	1	1	83	4	6	2	90	7
Executives	11	4	72	20	1	1	84	25
Clerical	267	176	216	62	1	3	484	241
Minor	0	0	0	0	0	0	0	0
Total	279	181	377	87	10	8	666	276

Service Duration

Employee Category	Below 5 years		6 – 10 years		11 – 15 years		16 – 20 years		Above 20	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Senior Management	1	1	0	1	0	0	4	1	3	0
Middle Management	44	3	10	2	24	0	11	1	1	1
Executives	43	17	18	3	19	5	4	0	0	0
Clerical	408	222	60	15	16	3	0	1	0	0
Minor	0	0	0	0	0	0	0	0	0	0
Total	496	243	88	21	59	8	19	3	4	1

Category-wise Recruitment

Employee Category	Under 29		30-49		Grand Total
	Male	Female	Male	Female	
Middle Management	0	1	18	1	20
Executive	3	1	10	2	16
Non - Executive	170	111	59	19	359
Total	173	113	87	22	395

Province-wise Employment Creation

Province	Male	%	Female	%	Total
Western	138	61.6	86	38.4	224
Southern	23	74.2	8	25.8	31
Central	19	79.2	5	20.8	24
North Western	21	77.8	6	22.2	27
Uva	0	0.0	1	100.0	1
Northern	27	58.7	19	41.3	46
Sabaragamuwa	9	100.0	0	0.0	9
Eastern	12	80.0	3	20.0	15
North Central	11	61.1	7	38.9	18
Total	260	65.8	135	34.2	395

Attrition

Category-wise

Employee Category	Total	
	Male	Female
Senior Management and above	1	0
Middle Management	11	1
Executive	7	0
Non-Executives	116	68
Other	0	0
Total	135	69

Province-wise

Province	Male	Female	Total	Male %	Female %
Western	82	44	126	65.1	34.9
Southern	8	4	12	66.7	33.3
Central	13	3	16	81.3	18.8
North Western	8	3	11	72.7	27.3
Uva	0	1	1	0	100
Northern	11	11	22	50	50
Sabaragamuwa	5	1	6	83.3	16.7
Eastern	3	1	4	75	25
North Central	5	1	6	83.3	16.7
Total	135	69	204	66.2	33.8

Employees engaged from Outsourcing Agencies

GRI 2-8

As a company that supports the financial needs of a cross section of the society, it is imperative that Singer Finance employee a significant number of staff to address the many issued or queries that are

inherent in the business. To this end, we employee non-permanent personnel in several areas of our operations.

We adopt the arms-length process in accommodating the outsourced staff and abide by the terms and conditions agreed with the agency in this regard.

Talent Retention

Talent retention is a critical aspect of our success, especially in the dynamic and competitive labor market of 2024. Effective strategies for retaining top talent include creating a positive work environment, offering competitive compensation and benefits, and providing opportunities for career development. We focus on building a strong employer brand during the attraction and recruitment stages to draw in the right candidates. Once onboard, fostering a culture that supports work-life balance, recognises employee contributions, and promotes teamwork can significantly reduce turnover. Additionally, implementing policies that support employee wellness and offer flexible work arrangements further enhance job satisfaction and loyalty. Investing in these areas not only helps in retaining valuable employees but also contributes to sustainable business growth and a competitive edge in the market.

Despite the challenges posed by mass labor migration and brain-drain in 2023, Singer Finance (Lanka) PLC successfully attracted and retained skilled individuals by leveraging its strong brand and structured development and growth process. Despite the prevailing conditions, the company managed to recruit 395 new individuals who were deemed as skilled and high-potential assets. This achievement underscores the effectiveness of the Company's approach in appealing to top talent and creating an environment conducive to professional development and growth.

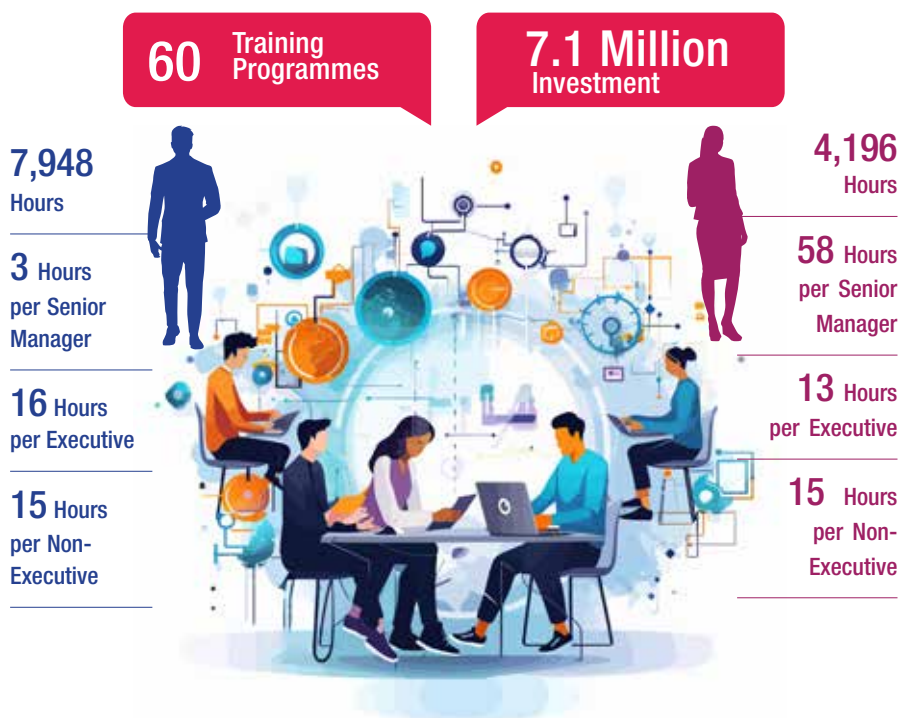
Talent Training and Development

GRI 404-1, 404-2, 404-3

Training and development is a key criterion to ensure our relatively young human capital is well geared to face workplace challengers, engage in superior customer service and deliver the objectives of the Company, while upholding the strong brand name we have in the market place. To then end, we conducted 60 of training programmes and invested Rs. 7.1 Mn in training and education.



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Succession Planning

Performance appraisals are a cornerstone of employee development and organisational growth. By recognizing and rewarding hard work we not only motivate the workforce but also pinpoint areas available for improvement and training. The commitment to fostering opportunities for staff development within the Company is commendable, as it reflects a forward-thinking approach that values human capital. The impressive number of internal promotions and lateral moves within the organisation underscores a dynamic environment that encourages professional growth and skill diversification.

Promoting 209 employees is a testament to the effectiveness of such a strategy, demonstrating a clear return on investment in the workforce. This dedication to career progression not only benefits the individual employees but also enhances the collective strength of the organisation. By

investing in people, a company invests in its future, creating a robust and resilient structure capable of adapting and excelling in an ever-evolving business landscape. Such a strategy is essential for long-term sustainability and success, ensuring that the organisation remains competitive, and its employees remain engaged and fulfilled in their careers.

Fair Remuneration

GRI 2-30, 401-2, 402-1

Fair remuneration in the workplace is a critical aspect of employment that affects not only the morale and satisfaction of employees but also the overall health of the Company. It is widely recognised that fair pay practices are essential for fostering a culture of trust, equity, and motivation among the workforce. We believe that when employees are compensated fairly, they are more likely to be engaged and productive, which can lead to increased retention rates and a positive organisational reputation.

We adopt transparent pay structures and communicate openly with our employees about compensation, which can help in building a fair work environment. Moreover, fair pay reflects value our employees' contributions and ensuring that all demographic groups are compensated equitably, considering their responsibilities and skill sets.

In the backdrop of skill migration, we believe that this approach can significantly reduce turnover. Ultimately, fair remuneration is not just a matter of ethics; it's a strategic imperative that we practice driving innovation, employee engagement, and organisational success.

Meritocracy is the basis on which we provide equitable remuneration to our employees. Based on the Remuneration Policy which is aligned to industry level remuneration and benefit packages, we maintain a transparent reward system which is supported by the digital Human Resource Integrated System, that generates productivity levels to nurture a performance-based remuneration and reward system. This helps us in carving out a growth trajectory to our employees and ensure their retention with the Company.

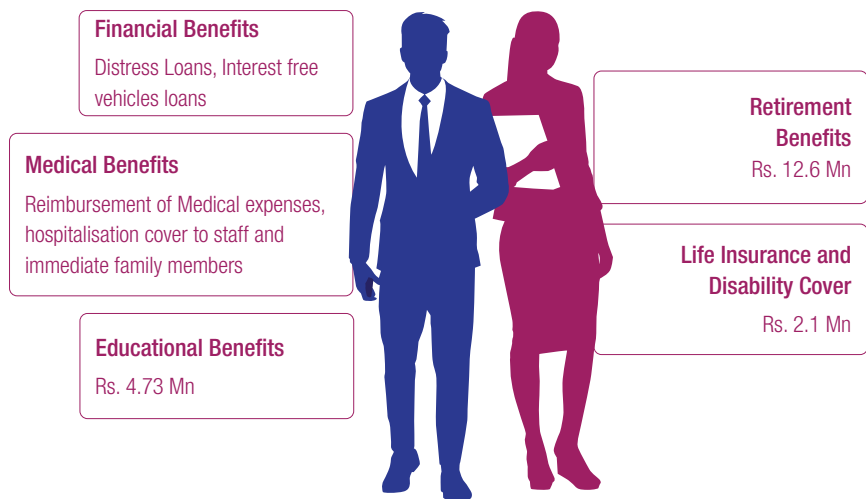
Employee Wellbeing

Employee wellbeing is a multifaceted concept that encompasses the mental, physical, emotional, and economic health of workers. It is influenced by various factors within the workplace, including relationships with colleagues, the nature of the work, and the overall work environment.

Having identified the many benefits of employee wellbeing, we adopt a positive approach to it, leading to numerous benefits for both employees and the Company, such as increased productivity, higher morale, and a better company reputation, which in turn can attract and retain top talent. With a firm legacy of a strong brand to support us, we have implemented strategies to enhance employee wellbeing including creating a culture of psychological safety, offering flexible work schedules, and providing comprehensive health benefits.

Additionally, addressing workload management, ensuring task clarity, and fostering a supportive work environment we focus on personal and professional growth, such as career development opportunities and wellness programs. By prioritizing employee wellbeing, we not only improve the quality of life for our employees but also invest in the long-term success of the Company.

The Company offers a range of benefits to ensure employee wellbeing, which are currently applicable to its permanent cadre.



Performance Management

GRI 404-3

Employee performance management is a critical aspect of our workplace dynamics, focusing on the systematic process of monitoring, assessing, and improving individual employee performance in alignment with organisational goals. It's a strategic approach that we adopt that involves setting clear performance expectations, providing regular feedback, and fostering an environment of continuous improvement.

As the modern performance management is an ongoing process that encourages dialogue between employees and managers that helps in identifying areas of strength and opportunities for development, we ensure that employees' activities are aligned with the company's mission and goals. Over the years, we have experienced that performance management leads to increased employee engagement, higher productivity, and overall organisational success. It's a collaborative effort that we adopt not only to evaluate but also to develop employees, equipping them with the necessary skills to excel in their roles and contribute meaningfully to the company's objectives. As such performance management naturally translates into learning and development where we identify skill gaps.

Implementing best practices in performance management, such as setting measurable goals, providing real-time feedback, and defining job development plans, we evaluate executives and above grades on an annual basis that culminates in stipulating annual increments and where necessary, addressing any training gaps. Above all, we

believe that this is a way of creating a roadmap for employee success and, by extension, the success of the organisation.

Annual Appraisals by the Department Head

Clearly communicated KPI based performance management

Identified skill and training gaps are addressed through the training and development programmes

Occupational Health and Safety

GRI 403 1-10

The extreme hygiene conditions that came into being during the pandemic, continues to be in place at the Company as a precautionary measure for all. As a finance company although there are no high-risk operational areas, the Company has implemented a strong Health and Safety policy to ensure the wellbeing of employees as well as customers and visitors to its premises, whether to head office or its branch network.

Our health and safety management process involves an occupational health and safety risk assessment at the beginning of each year which identifies material risks to the health and safety of our employees. Based on the findings of the risk assessment, an occupational health and safety plan is prepared and implemented across the Company with progress monitored on an ongoing basis.

We confirm to all local regulations pertaining to health and safety and adopt close monitoring of the health and safety landscape for any vulnerabilities and address them speedily to avert risk to our human capital.

Health and Safety Initiatives

Medical OPD coverage.

Check your vision programme.

Conducting fire training and fire drill.



We are glad to report that there were no reports of risk events in the year under review.

Employee Engagement

GRI 2-29

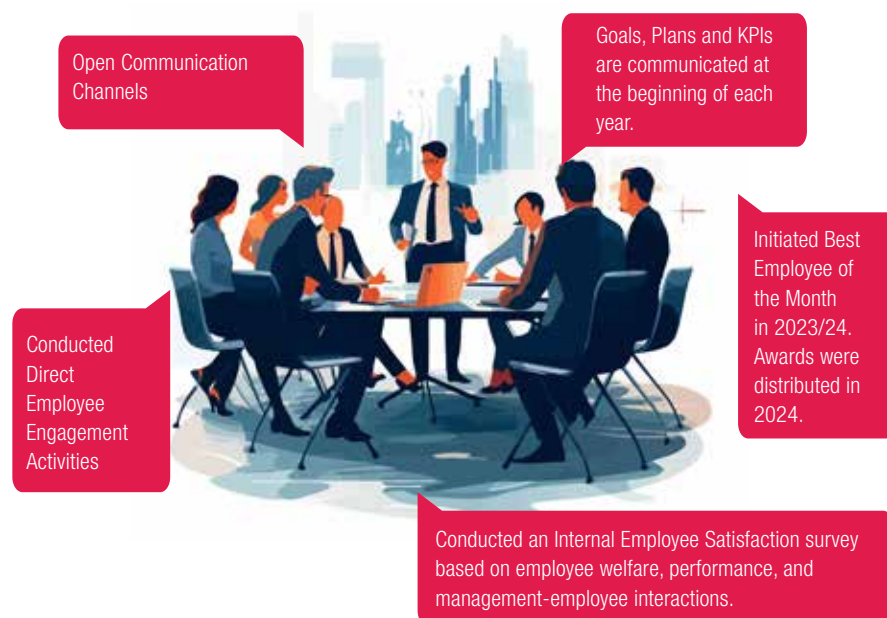
Employee engagement is a multifaceted concept that encompasses the level of enthusiasm and dedication an employee has towards their job and organisation. We understand that it's a measure of how emotionally invested and committed an employee is to their work and the company's goals. Engaged employees are not just satisfied with their jobs; they are motivated to go above and beyond, contributing to the organisation's success in a meaningful way. They tend to have a deeper connection to their company's values and are more likely to stay with the organisation long-term.

Singer Finance implements effective employee engagement strategies that lead to higher productivity, better employee retention, and increased profitability. It is our strategy that lead to the Company to navigate stormy weather for the past few years to stay resilient in the face of adversity. We understand that engagement is linked to employee morale and job satisfaction, which can significantly impact a company's performance. By investing in employee engagement, we are not only improving the work environment but also enhancing their competitive edge in the market. Engaged employees often become advocates for the company, contributing to a positive brand image and customer satisfaction.

HUMAN CAPITAL

In today's dynamic work environment, particularly with the challenges posed by remote work and the global uncertainties, maintaining high levels of employee engagement has become more crucial than ever.

We understand and focus on this aspect our HR management and carried out several initiatives during the year to maintain a high level of employee engagement with the Company.



In recognition of exemplary performance and unwavering dedication, Singer Finance proudly bestowed Service Awards and celebrated the Best Employee of the Month. These accolades, bestowed upon twelve outstanding individuals, serve as a testament to our commitment to recognizing and appreciating the contributions of our employees.

Employee Engagement Events Held

Singer Finance Sports Fiesta
CEO's Challenge Trophy Cricket Tournament
Service Awards and Best Employee of the Month award
Employment Engagement Surveys
Coffee with CEO
Project Hello



Throughout the fiscal year, Singer Finance (Lanka) PLC orchestrated a diverse array of employee engagement events, each meticulously designed to cultivate a vibrant and cohesive workplace culture. At the heart of our engagement efforts was the Singer Finance Sports Fiesta, a highly anticipated

event that not only showcased the diverse talents of our employees but also served as a rallying point for fostering camaraderie and team spirit. This event, marked by spirited competition and enthusiastic participation, underscored our commitment to nurturing a sense of belonging and unity among our workforce.



Similarly, the CEO's Challenge Trophy Cricket Tournament offered employees a platform to showcase their cricketing prowess while fostering friendly competitiveness and teamwork. This tournament not only provided an avenue for employees to unwind and bond outside the office but also served as a testament to the latent talents and camaraderie within our teams.



Central to our engagement strategy was the implementation of Employment Engagement Surveys, aimed at gauging employee satisfaction and identifying opportunities for enhancement. These surveys, conducted bi-annually, serve as a barometer of our workplace culture and organisational health. Notably, the consistently positive feedback garnered from these surveys reaffirms Singer Finance's standing as a Great Place to Work for the sixth consecutive year, a testament to our unwavering commitment to fostering a supportive and fulfilling work environment.



Further bolstering our communication channels, the Coffee with CEO initiative provided employees with a unique opportunity to engage directly with senior leadership, fostering transparency, dialogue, and alignment with the company's strategic vision. These interactive sessions not only provided valuable insights into our leadership approach but also empowered employees to voice their ideas, concerns, and aspirations.

Moreover, Project Hello epitomized our customer-centric ethos by facilitating meaningful engagement with our valued customers. Through this initiative, conducted via our dedicated Call Centre, we solicited feedback on customer satisfaction and service quality, reaffirming our commitment to delivering exceptional customer experiences.

In essence, these multifaceted engagement initiatives underscore Singer Finance's steadfast commitment to nurturing a supportive, inclusive, and dynamic workplace culture. By prioritizing employee satisfaction, fostering teamwork, and embracing a customer-centric mindset, we remain steadfast in our mission to cultivate a workplace where every individual can thrive and contribute to our collective success.

Succession Planning

We practice a structured method of career growth, positioning our human capital to transition into higher levels in the Company, which is dependent on their performance, business acumen, attitude towards learning and development and soft skill development. We conducted 60 training courses within the year, promoted 209 staff members to the next level and facilitated further academic and MBA courses.

Gender Parity

GRI 401-3, 405-1, 405-2, 408-1

Female participation accounts for 29% of our workforce and in recognizing the importance of and as a measure to enhance female participation in the national economy, we have implemented several initiatives to empower and support them.

We have allowed flexible working arrangements to females, to ensure work-life-balance. We practice a zero-tolerance view for sexual harassment and are glad to report there were not such incident occurring in 2023/24.

Diversity, Equity and Inclusivity

GRI 405-1, 405-2

Singer Finance does not practice discrimination in any form. We are an equal-opportunity, equal-pay-for-equal-work employer that strives to create a work environment conducive to the wellbeing of our human capital and increase productivity, delivering value added services to our customers across the island. Fair and equal treatment therefore, devoid of any discrimination, is our core value when interacting with our employees.

Compliance

Compliance with local laws and regulations is a critical aspect for businesses to operate legally and ethically. It involves adhering to tax laws, employment standards, anti-corruption laws, and health and safety regulations. For us, this means understanding and implementing policies that comply with the laws of the country and adhering to international standards in sustainability and reporting. Failure to do so can result in severe consequences, such as fines, legal action, and damage to reputation.

To ensure compliance, we conduct regular audits, provide training for our employees, and establish a robust compliance management system. This proactive approach not only helps in avoiding legal pitfalls but also fosters a culture of integrity and transparency within the organisation and helps our strong brand reputation to be sustained for the future generation.

We comply with all local laws, regulations, and practice internationally accepted labor management standards.

Human Rights, Child Labour, Forced Labour

GRI 408-1, 409-1, 410-1

Singer Finance (Lanka) PLC stands firm in its dedication to respecting and safeguarding human rights, in line with international declarations and conventions. Human rights, embodying principles of dignity, fairness, and equality, form the bedrock of our operations. We uphold the Universal Declaration

Sexual Harassment in the Workplace Policy

Grievance Handling Policy

Female Participation in Leadership

13%
at the Board

27%
at Senior Management

7%
at Middle Management

23%
at Executive Level



International Women's Day Celebrations

38 participated

Awareness creation session on Work-Life Balance by an external resource

Training Development
15 hours average

135
Recruitments

Maternity Leave and Retention

92% returned to work

HUMAN CAPITAL

of Human Rights, ensuring that every individual, irrespective of background, is treated with dignity and equality. We believe that respecting human rights is not just a moral imperative but also a legal obligation, integral to fostering a fair and just society. Moreover, we adamantly oppose and prohibit any form of child labor or forced labor within our operations and supply chains. Upholding these values, we are committed to championing human rights and contributing to a more equitable and humane world.

Future Focus

In the new financial year, our focus will be on the following.



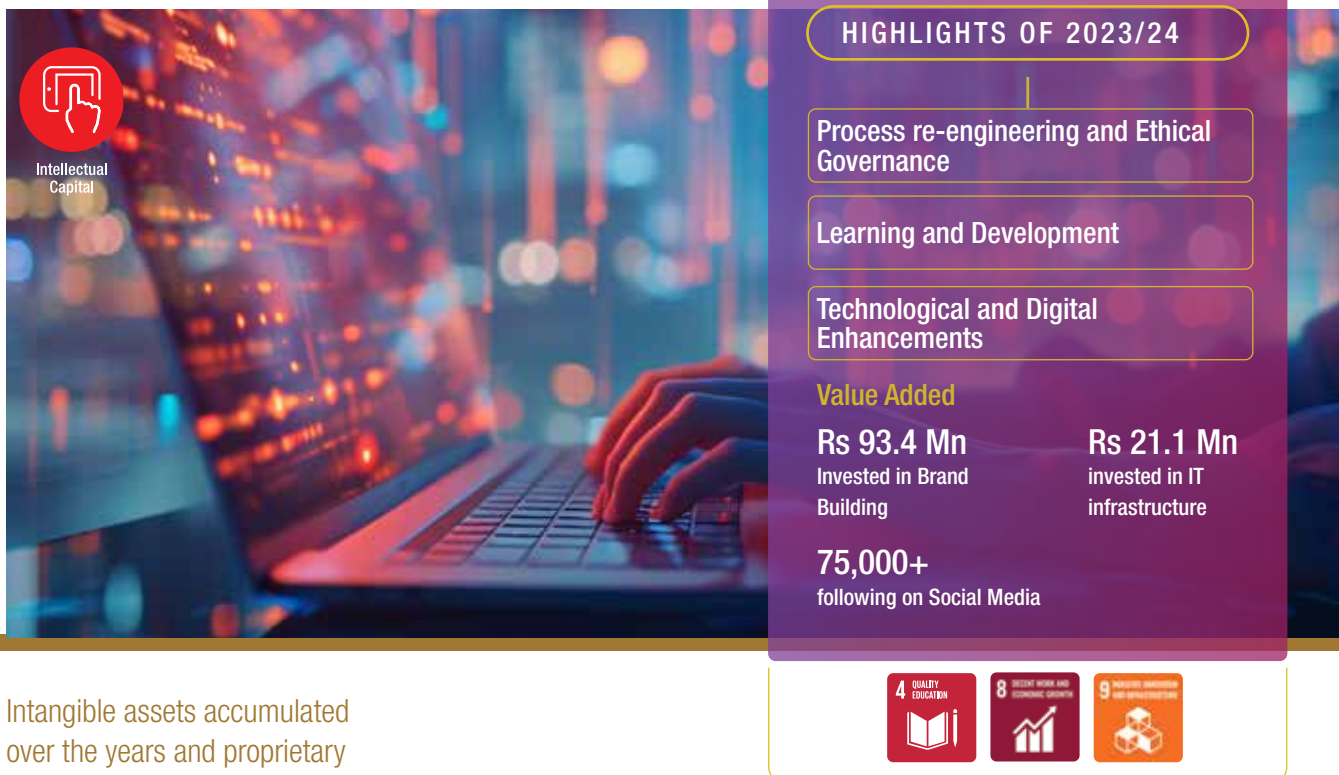
In the forthcoming financial year, Singer Finance (Lanka) PLC is poised to prioritise investments in human capital development as a cornerstone of our growth strategy. Recognizing that our employees are the driving force behind our success, we are committed to enhancing their skills, knowledge, and capabilities through robust learning and development initiatives. This entails the implementation of advanced learning systems tailored to upskill our workforce and equip them with the tools needed to excel in their roles.

Furthermore, we aim to accelerate our recruitment efforts, particularly within our marketing division, by expanding our personnel by 48%. This expansion not only reflects our commitment to meeting the evolving needs of our customer base but also underscores our dedication to fostering sustainable growth. By bolstering our field staff strength across the island, we aim to enhance our outreach and engagement with customers, thereby driving business growth and market penetration.

As we navigate the complexities of the financial services industry, we recognise that our human capital is our most valuable asset. Our future success hinges on our ability to attract, retain, and develop top talent who are equipped to navigate the dynamic landscape of our industry. By fostering a culture of continuous learning, innovation, and employee well-being, we position ourselves for sustained success and remain agile in the face of evolving challenges and opportunities.

Singer Finance's commitment to human capital development underscores our dedication to sustainable growth and organisational resilience. By investing in our employees, we not only drive business performance but also cultivate a culture of excellence and innovation that propels us towards our strategic objectives. Our future focus on human capital is not just an investment in our workforce-it's an investment in the long-term success and sustainability of our organisation.

INTELLECTUAL CAPITAL



Intangible assets accumulated over the years and proprietary to the Company are termed as Intellectual Capital. These include the expertise of our employees, HR practices including training and development, business processes, brand value, perception in the market and other information that positions the Company a step ahead of its competition.

An Evolving Business Environment

The new normal that came to being three years ago altered customer expectations of the businesses they interact with. Although digital and technological advancements were rapidly invading the business place, the need for such advances and new developments grew exponentially, as the digitized platforms ensured customer ease and 24x7 connectivity.

Our Approach

At Singer Finance (Lanka) PLC, we've established a distinct presence in the financial services sector, drawing on the power of the Singer brand, a name with a rich 160+ year heritage, and the strength of our Ultimate parent company, Hayleys. We've fostered strong relationships and deep connections by understanding the needs of the people, enabling us to uplift communities and enhance their financial well-being.

Our journey is characterized by a dedication to customer-centricity, making it the focal point of our operations. By constantly adapting to meet the evolving needs and aspirations of our customers,

we've laid a solid foundation for our transformative journey ahead.

With an unwavering commitment to growth, we envision a future where we extend our reach to new horizons. We aim to broaden our services and solutions to a larger audience, tapping into untapped opportunities and driving innovation in the financial services sector.

To realize these ambitious goals, we acknowledge the critical importance of building our intellectual capital. By nurturing and developing our brand value, technical expertise, and process knowledge over the years, we've become a key competitive advantage within the industry. This commitment to intellectual capital has enabled us to build trust and instill confidence in our customers, ensuring they benefit from our robust financial profile and creditworthiness.

Our strategy for building our intellectual capital involves various strategic initiatives. We focus on understanding the needs of our customers, engaging with empathy, and providing flexible solutions during uncertain times. By adhering to ethical practices and upholding our core values

INTELLECTUAL CAPITAL

of integrity, excellent customer service, and governance, we maintain the trust associated with the Singer brand while distinguishing ourselves as a unique entity.

Technological Infrastructure

Advantages of the technology are many, but it also calls for strong and robust control measures to ensure customer data and Company data protection, preventative measures against system malware and cyber security. The regulatory controls in this regard have also been tightened and new laws are in the process of being enacted to further strengthen the data security framework. We took proactive measures to ensure data protection. At Singer Finance we understand that well developed technological infrastructure contributes to intellectual capital fostering innovation, growth and sustainable development. Therefore our investments in them is a value addition not only in the present but for the years to come.

Anti Virus Software

In our pursuit of technological advancement and enhanced cyber security measures, Singer Finance proudly introduced a cutting-edge cloud-based software solution. This innovative project marks a significant milestone in bolstering our cyber security infrastructure. The implementation of this cyber security project was executed seamlessly, encompassing the deployment of an advanced platform to fortify our endpoint protection, threat intelligence, and incident response capabilities. This initiative underscores our commitment to staying ahead of evolving cyber threats and safeguarding sensitive data. The integration of cloud-native technology, featuring next-generation antivirus (NGAV), enhances our proactive malware prevention capabilities, ensuring robust protection against emerging cyber risks.



Endpoint Management Tool






The implementation of a new endpoint management tool marks a significant enhancement in our endpoint management capabilities. With this robust tool in place, our IT department can efficiently oversee and manage all PCs, laptops, and servers across the organisation. This centralized approach enables seamless management of daily operations, including patch management, software updates, and troubleshooting, thereby optimizing productivity and ensuring the smooth functioning of our IT infrastructure. By enabling remote management of devices, the tool empowers our IT team to swiftly address any issues and perform necessary tasks without disruptions, ultimately enhancing efficiency and streamlining operations.

SOC

Security Operations Centre

In operation 24x7, this acts as the command centre to detect and eliminate any virus entering the systems. It is equipped with state of the art modernity, where the system can detect a work-from-home log in via an accessory that is contaminated and fix the issue.

In our commitment to enhancing customer experience and providing swift access to our products and services, we placed a strong emphasis on digitization. Throughout the year, we spearheaded the implementation of several digital platforms aimed at streamlining processes and improving accessibility for our valued customers. These initiatives signify our dedication to leveraging technology to meet evolving customer needs and preferences while ensuring efficiency and convenience in every interaction with our company.

	Online Bill payments with third party aggregators and issuance of a Debit Card
	Invested in creating Salary Savings Account which is due to go live
	Online banking portal for customers to manage their account 24x7
	An integrated system to conduct a direct transfer to the supplier on leasing products, eliminating the lengthy process and delays
	Mobile application that helps collections and recovery at the customer point where the collections staff can access at the customer point

In essence, we upgraded connectivity with our customers to provide superior customer experience that they are used to, and synonymous with the Singer Brand.

A Strong Brand and Expansive Visibility

As an esteemed financial institution operating under the Singer umbrella, Singer Finance inherits a legacy of over a century and a half, representing prestige, credibility, and sustainability in the Sri Lankan market. The Singer brand itself has enjoyed unparalleled recognition and trust among consumers for its enduring presence and commitment to excellence. Leveraging this rich heritage, Singer Finance has established itself as a formidable entity, synonymous with reliability and integrity in the financial sector. Moreover, as part of the renowned Hayleys Group, Singer Finance benefits from the extensive resources, expertise, and reputation of its parent company, further bolstering its position as a leading player in the industry. In addition to these inherent strengths, Singer Finance continually engages in strategic initiatives to enhance its brand proposition, ensuring that it remains relevant, resonant, and esteemed in the eyes of its customers and stakeholders. Through various activities and endeavors, Singer Finance aims to reinforce its brand identity, solidify customer loyalty, and sustain its position as a trusted partner in financial services.

Campaigns

“Make People Feel Great” internal marketing campaign to promote and establish a service culture within the company enhancing its service standards.



A Special Gold Loan Campaign Targeting **Christmas – Festival Season** (නවීන්තල නැව්කරන රත් සහනය)



<ul style="list-style-type: none"> Communications on digital forms and social media marketing for lead generation 	<ul style="list-style-type: none"> Reputation for excellent customer service as the differentiation 	<ul style="list-style-type: none"> Customized Marketing Campaigns to the Northern Region blending with customs and lifestyles
<ul style="list-style-type: none"> Customer Lifestyle Marketing through data analysis 	<ul style="list-style-type: none"> Event promotions across regions to create new marketing channels 	<ul style="list-style-type: none"> Brand visibility through community engagement activities and sustainability initiatives
<ul style="list-style-type: none"> Creative advertising and success story telling 		

Our Reach



70K Likes
74K Followers



1,146
Followers



83.8K Likes
19.2K
Followers

Continuous **door to door campaigns and town storming campaigns.**



Car sale promotions and special marketing campaigns around car sales.



A Special Campaign to **Target the Business/ SME Audience for Leasing** (Biz වාසි ලීසිං)



A Special ATL Campaign and a Movie Activation for Jaffna Region promoting gold loan and micro loans in the region.

Group Synergies

Hayleys being the ultimate parent company enabling us to explore multiple sectors and communities in the market while empowering us with a “Growth Mindset”.

SINGER being the immediate parent company with its over 1,500 direct and indirect selling points enabling us to experience a wider network to promote our services.

SINGER being awarded as the people’s brand for the 8th consecutive time; this recognition ultimately helps us to build equity around SINGER FINANCE brand as well.

Group Sales

The industry’s leading company in the consumer financing for consumer durables.

Leading public and private sector corporates have partnered with the mechanism.



INTELLECTUAL CAPITAL

Built of Trust

OUR MISSION

To provide the most useful and ethical financial services to our customers by creating an experience that builds lasting relationships.

Built on a foundation of trust, Singer Finance stands out in the financial landscape, fortified by the combined strength of the iconic Singer brand and the esteemed parent company, Hayleys. Our unwavering commitment to superior customer service sets us apart, fostering deep-rooted loyalty among our clientele. In an ever-evolving economic landscape, we prioritise customer well-being, ensuring our interactions are marked by ethical conduct and genuine empathy. Unlike some in the industry, we refrain from engaging in greenwashing tactics, maintaining transparency and integrity in all our marketing endeavors.

At the core of our organisational ethos lies a dedication to leadership and mentorship, nurturing a culture of collaboration and knowledge-sharing. We embrace open dialogue, valuing the diverse perspectives of our employees and empowering them to contribute meaningfully to our strategic decisions. Recognizing that our people are our greatest asset, we invest in their growth and development through comprehensive training initiatives, ensuring our teams are equipped to thrive in an ever-changing environment.

Moreover, we proactively prioritise data security, striving to provide our customers with seamless and secure transactions. Our robust corporate governance practices serve as a cornerstone of our operations, ensuring efficiency, compliance, and resilience in the face of evolving challenges. Safeguarding our intellectual capital is paramount, reflecting our steadfast commitment to preserving and enhancing the trust placed in us by our stakeholders.

In essence, Singer Finance embodies trust, integrity, and reliability, earning the confidence of customers and stakeholders alike through our unwavering dedication to ethical conduct, transparent communication, and sustainable business practices.

Organisational Empowerment

Organisational Empowerment is the cornerstone of our success at Singer Finance. Our human capital, possessing a profound understanding of our brand, customer service ethos, and customer-centric approach, is our most invaluable asset. Through empathetic leadership and mentorship, we foster a culture of collaboration and knowledge sharing, empowering our employees to thrive and grow alongside the company. Continuous learning and development initiatives ensure that our workforce remains at the forefront of industry trends and best practices, equipping them with the skills needed to deliver exceptional service.

Moreover, we prioritise maintaining an environment of open communication, where every voice is heard and valued. Employee feedback is not just welcomed but actively sought after, driving our commitment to continuous improvement and innovation. Our dedication to organisational empowerment is evident in our comprehensive Human Capital Report, available for reference on page 53. This report delves into our strategies for talent development, employee engagement, and retention, showcasing our unwavering commitment to nurturing and empowering our most valuable resource-our people.



Operational Excellence

Singer Finance has been emphasizing the enhancement of internal efficiencies by updating and evaluating systems and processes to match the current business landscape. Investments have been made in process automation and workflow management to minimize manual tasks and boost accuracy, thereby freeing up employees for tasks that add more value.

To improve back-end systems and information processing, Business Intelligence (BI) tools have been integrated for data collection and analytics. As a result, these systems and process upgrades have led to significant cost and time efficiencies, while also enhancing service delivery.

Acknowledging the growing dependence on technology, Singer Finance has put into effect a comprehensive IT policy that outlines guidelines and a response plan for the utilization, management, and protection of IT assets. To foster user awareness and security, we have initiated employee knowledge sharing campaigns and implemented internal controls that limit user access. This strategy towards data and system security ensures that Singer Finance remains protected from external threats and vulnerabilities.

Operational excellence is rooted in the processes and procedures that a company has established within its business divisions. We placed a high priority on internal efficiency by enhancing and updating our systems and processes. In this context, process automation was of paramount importance as our IT department deployed advanced antivirus software, which significantly reducing the risk of data breaches by safeguarding our systems. This solution enhances our cyber security measures, providing robust protection against evolving cyber threats and ensuring the security of our sensitive data.

Learning Management Systems (LMS)

Singer Finance has established a cutting-edge Digital Academy operated through a robust Learning Management System (LMS). This initiative is geared towards cultivating the next generation of leaders within the organisation. Through our Digital Academy, we are committed to providing innovative and updated virtual training programs that equip employees with the necessary tools, techniques, and strategies to excel in their roles. Our training curriculum is carefully curated to focus on content re-visioning, motivation techniques, and the development of digitally enabled teams. By leveraging the capabilities of our LMS, we ensure that our training initiatives are accessible, engaging, and aligned with the evolving needs of our workforce. The Singer Finance Digital Academy serves as a cornerstone in our commitment to continuous learning and professional development, empowering employees to thrive in an ever-changing business landscape.



Customer Privacy and Data Protection

In light of the rapid digitalization sweeping across industries, Singer Finance is intensifying its investments in fortifying the security of our digital infrastructure. We have implemented stringent measures, aligning with our robust IT policy and regulatory standards, to safeguard the confidentiality and privacy of our customers' data. Through strategic partnerships with reputable back-end service providers certified with the latest Payment Card Industry Security Standard V3.2 (PCIDSS), we ensure the highest level of data protection and security.

Recognizing the inherent technological dependencies in modern corporations, Singer Finance has instituted comprehensive policies and procedures within a robust corporate governance framework to uphold data confidentiality and safeguard customer information. To bolster security, integrity, and protection of our systems, the company's Outsourcing policy provides detailed guidance and conducts awareness programs for employees entrusted with customer information access. This policy ensures strict adherence to industry-leading practices for handling customer data, further enhancing our commitment to data privacy and security.

In addition to stringent measures and strategic partnerships, Singer Finance adopts a proactive stance towards customer privacy and data protection by continuously enhancing its security protocols. Regular security audits and vulnerability assessments are conducted to identify and address potential weaknesses in our digital infrastructure, ensuring robust protection against evolving cyber threats. Moreover, our dedicated team of cyber security experts remains vigilant, monitoring industry trends and implementing cutting-edge technologies to safeguard sensitive customer data. Furthermore, the company fosters a culture of data privacy awareness among employees through comprehensive training programs and ongoing education initiatives, empowering them to recognise and respond effectively to potential security risks. By prioritizing customer privacy and data protection across all levels of the organisation, Singer Finance reaffirms its commitment to maintaining the trust and confidence of its valued customers.

IT Security Policy Highlights

Ensure confidentiality and integrity of information

Mitigate costs associated with security breaches;

Safeguard the reputation and the brand name of the Company

Ethical Governance and Compliance

At Singer Finance, ethics and good governance are not just words but guiding principles that shape every aspect of our operations. With the Singer and Hayleys brands setting the standard for brand visibility and trust in Sri Lanka, Singer Finance is committed to upholding this legacy for a sustainable future. Our unwavering dedication to building and maintaining an ethics-based governance framework underscores our commitment to earning the trust and confidence of all our stakeholders, including customers, employees, and regulatory authorities.

The foundation for strong governance is established at the highest levels of authority within the company and is diligently implemented and monitored by a dedicated Compliance Officer. This ensures that our operations adhere to the highest ethical standards and comply with all relevant laws and regulations. Our compliance framework is subject to regular review and updates to ensure that internal policies and procedures remain aligned with evolving legal requirements.

To reinforce our commitment to customer trust, Singer Finance has implemented a comprehensive compliance framework overseen by a vigilant compliance officer. This framework includes the development and enforcement of a Code of Conduct, Code of Ethics, and Whistleblowing Policy, all aimed at fostering ethical behavior and promoting a culture of compliance throughout the organisation. Furthermore, our Outsourcing Policy serves to enhance the security and integrity of our systems by providing clear guidance and awareness programs for employees handling sensitive customer information, ensuring compliance with industry best practices.

We are proud to report that our proactive approach

INTELLECTUAL CAPITAL

to ethics and governance has yielded positive results, with no incidents of non-compliance recorded in the year under review. Moving forward, Singer Finance remains steadfast in its commitment to upholding the highest ethical standards and promoting transparency, integrity, and accountability in all our endeavors.

Code of Ethics Highlights

Integrity and Diligence: We are committed to upholding honesty, objectivity, and diligence in all our duties and responsibilities. Our actions are guided by ethical principles that prioritise integrity and professionalism in every aspect of our business operations.

Compliance with Laws and Regulations: We adhere strictly to all applicable laws and regulations governing our industry. Our commitment to compliance ensures that our business practices are conducted in a manner that is lawful, ethical, and transparent.

Confidentiality: We recognise the importance of maintaining the confidentiality of commercial and price-sensitive information. Our employees are entrusted with confidential data, and we ensure that this information is safeguarded against unauthorized access or disclosure to protect the interests of our stakeholders.

Zero Tolerance for Bribery: We maintain a zero-tolerance policy towards bribery in any form, whether offered or accepted. It is imperative that all our interactions with stakeholders are conducted with integrity and fairness, free from any undue influence or unethical conduct.



Future Focus

We are incredibly positive about the opportunities that are available in the market in 2024/25 and are well poised to take advantage of these, for the sustainable development of our Company. We will therefore focus on key aspects, that differentiate us from the competition.

Technological enhancement for operational excellence and to stay ahead of the competition and prioritise data protection.

Digital innovations to cater to a discerning customer base with emergent and latent requirements in finances. E-Wallet is in the pipeline to be launched.

Take all necessary strategic decisions to retain and build on the Brand excellence, augmenting an already strong, well entrenched and visible brand.

Build a future-ready work force that is customer-centric, delivering superior customer service.

In the fiscal year 2024/25, Singer Finance is poised to capitalize on the abundant opportunities that lie ahead in the market. With a keen eye on sustainable development, we are committed to leveraging our Intellectual Capital to drive innovation, foster growth, and maintain our competitive edge. Our strategic focus will center on several key aspects that differentiate us from the competition and position us for long-term success.

Firstly, we will continue to invest in our human capital by enhancing our learning and development initiatives. Recognizing that our employees are our most valuable asset, we will prioritise programs aimed at upskilling and empowering our workforce. This includes the further expansion of our Digital Academy through advanced virtual training programs, designed to equip our teams with the latest tools, techniques, and strategies essential for navigating the evolving landscape of financial services.

Secondly, we are committed to strengthening our regulatory and compliance expertise to ensure adherence to industry standards and mitigate risks effectively. By deepening our understanding of regulatory frameworks and compliance requirements, we aim to enhance operational excellence and bolster stakeholder confidence in our governance practices.

As we embark on this journey, we're committed to transparency, continuous improvement, and customer-centric innovation. E-Wallet isn't just a product; it's a testament to our dedication to progress. We invite our customers to embrace this digital evolution and experience the future of financial convenience.

Furthermore, we will continue to prioritise customer privacy and data protection by investing in the security of our digital infrastructure. This includes implementing rigorous measures to safeguard customer information and partnering with reputable service providers certified with the latest industry standards. Additionally, we will explore innovative solutions to enhance the security, integrity, and protection of our systems, ensuring the confidentiality and privacy of our customers' data.

In line with our commitment to transparency and accountability, we will focus on strengthening our ethics-based governance framework. This involves fostering a culture of compliance and ethical conduct throughout the organisation through the enforcement of our Code of Conduct, Code of Ethics, and Whistleblowing Policy. We will also continue to review and update internal policies and procedures to align with evolving legal requirements and industry best practices.

As we embark on this journey of sustainable growth and development, we remain confident in our ability to seize opportunities, overcome challenges, and deliver value to our stakeholders. By leveraging our Intellectual Capital and staying true to our core values, Singer Finance is well-positioned to thrive in the dynamic landscape of the financial services industry in 2024/25 and beyond.

MANUFACTURED CAPITAL



Our Manufactured capital consists of the Head Office building, the far-flung network of branches across Sri Lanka and other capital items we hold to serve our customers. Our premises promote our already strong brand visibility and facilitate cordial interactions with our customers and create a conducive work environment for our employees in comfortable and safe environments.

With an upbeat economy in the second half of 2023, we concentrated on developing our digital capabilities and added two new branches to our branch network. One more branch is slated to be opened, within the new financial year.

The Branch Network Branch Expansion

In the pursuit of expanding our branch network and extending our services to new communities, Singer Finance has made significant strides in the fiscal year 2023/24. Despite our relatively young tenure of just 20 years in the industry, we have successfully solidified our position as a leading consumer financing company. This past year, we proudly inaugurated two new branches in Ambalangoda and Kalmunai, effectively increasing our branch count to 52 by the end of the fiscal year. This expansion underscores our commitment to broadening our footprint and accessibility across the country, catering to the diverse financial needs of our valued customers. Furthermore, we are pleased to announce the expansion of our Kaduwela branch, along with the rebranding of our Vavunia and



Thissamaharama branches. These initiatives reflect our ongoing dedication to enhancing customer experiences and fostering stronger community relationships as we continue to grow and evolve in the dynamic financial landscape.

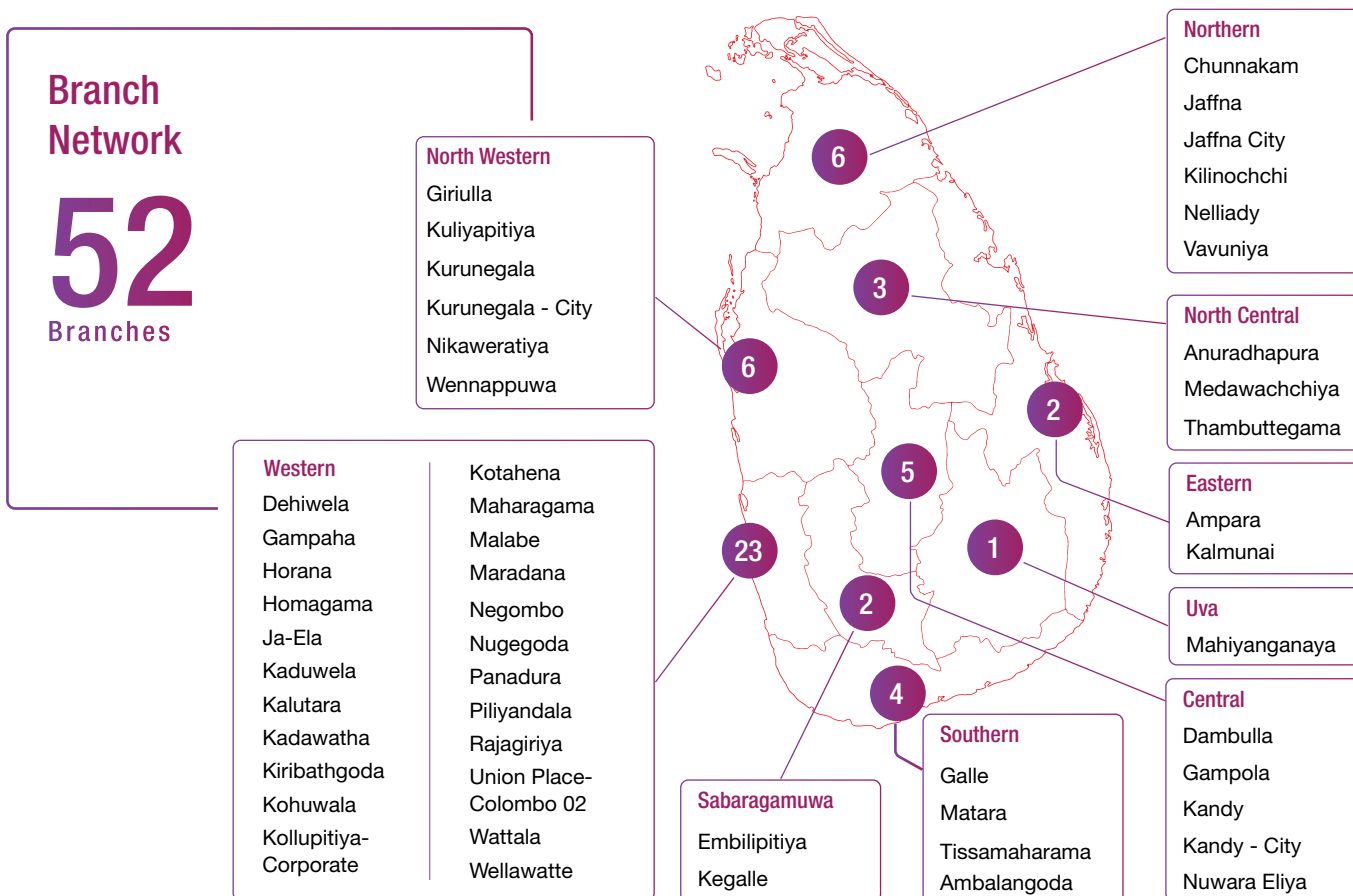


Our expansion strategy was meticulously planned and resourcefully executed. The selection of our new locations was based on several factors including product demand, visibility, accessibility, and the availability of amenities that could significantly boost sales.

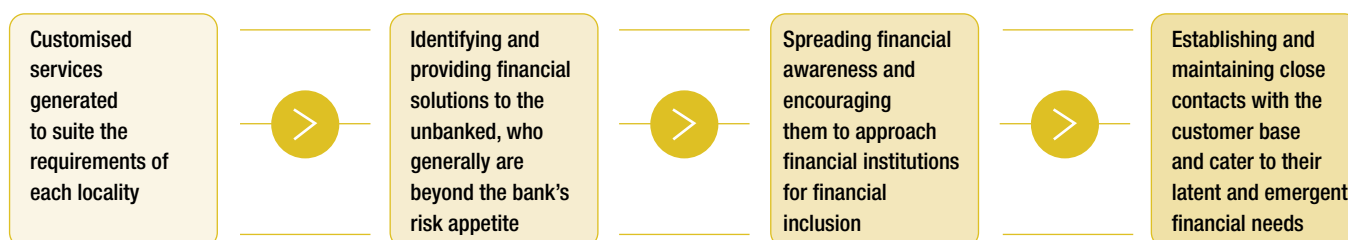
With a clear understanding of the local demographics, our target customers, and the competitive landscape, we have successfully positioned our brand to attract and retain new customers. This strategic approach has enabled us to maintain a strong presence in the market.



MANUFACTURED CAPITAL



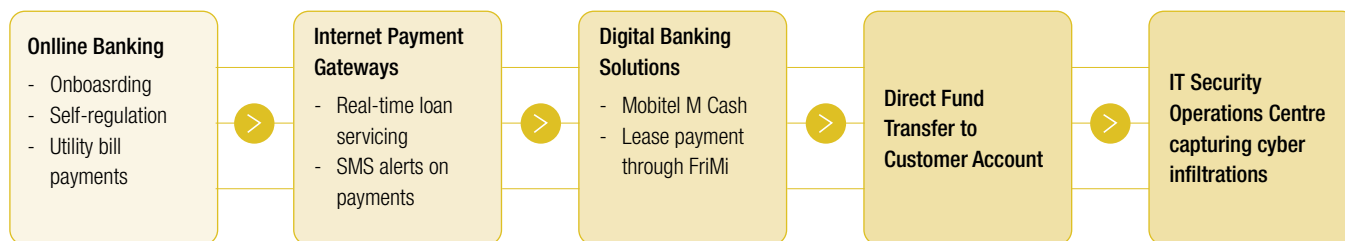
We deliver value through our branches in a strategic and a structured manner.



Transformative Technology and Digitisation

We invested Rs. 21.1 Mn in upgrading our technologies and the digital platforms, providing our customers easy reach to the Company. Our partnerships with banks created easy and speedy access to fund transfers on loan approvals and access to funds.

With the partnerships we established, we were able to offer our customer base online access to their accounts, and all other peripheral banking facilities that do not require stepping into the banks. As we create awareness and accommodate the unbanked, we are glad to report that creation of partnerships has afforded greater inclusion into the institutionalized financial empowerment, to that segment of the society.



As part of our commitment to embracing transformative technology and digitization, Singer Finance has implemented several initiatives aimed at enhancing efficiency, improving customer service, and staying ahead in the digital landscape. Central to this effort is the introduction of a CRM (Customer Relationship Management) tool, designed to streamline interactions and relationships with both existing and potential customers. This tool incorporates features such as Contact Management, Sales Pipeline Management, Customer Inquiry Management, Analytics, and Reporting, empowering us to better understand and cater to customer needs.

In addition to the CRM tool, we have implemented a Recovery Module to enhance our collections functions. This module introduces a rule-based case creation mechanism, reducing manual workloads and enabling more efficient follow-up actions, diarising, and workflow automation. Furthermore, recognizing the increasing trend of customers embracing digital channels, particularly during the lockdown period, we have enhanced our Online Banking platform. These enhancements include features like Self-Registration, Utility Bill Payment enhancements, and Facility Payment enhancements, offering customers greater convenience and accessibility.

Furthermore, investment in digital customer service channels, such as chatbots and virtual assistants, has proven instrumental in providing quick and efficient support to customers round the clock. The increased utilization of these channels has not only facilitated business leads generation but also supported customers with routine inquiries, enhancing overall customer satisfaction. Furthermore, the website is being revamped to commensurate with the 20th year anniversary of the Company.

In essence, our transformative technology and digitization initiatives underscore our commitment to innovation and customer-centricity in the ever-evolving digital landscape.

Operational Efficiency

Data-driven decisions remained a pivot point as the country's economy regained stability and coherence. We took advantage of the Business Intelligence tools (BI) and invested in upgrading our systems and processes. Moreover, our utilization of BI (Business Intelligence) tools has enabled us to monitor and analyze business operations and customer behavior effectively. This invaluable insight allows us to identify opportunities and optimize operations to better meet the evolving needs of our customers.

The automated processes continued time efficient handling of claim processing and account closures allowing employees to engage in value adding customer service. Mobile App assisted our field officers for recoveries and geotagging enhanced productivity through efficient route planning.

In the forthcoming fiscal year 2024/25, Singer Finance is poised to continue its unwavering commitment to technological advancement, with a particular emphasis on empowering our customers with greater control over their financial accounts. Our strategic initiatives are meticulously designed to enhance customer experience, drive operational efficiency, and solidify our position as a leader in the financial services industry.

Central to our future focus is the imminent launch of our innovative e-wallet solution, a project that has been in development for the past few years. This e-wallet, meticulously crafted by our dedicated team, seamlessly blends the convenience of mobile banking with the versatility of a traditional e-wallet. Leveraging our integration with LankaPay, it offers essential functionalities such as CEFTS, JustPay, LankaQR, and more, thereby providing our customers with unparalleled flexibility and convenience in managing their finances.

Furthermore, we are actively revamping our corporate website, harnessing the latest technologies to deliver an enriched digital experience to our customers. Through this initiative, we aim to elevate customer satisfaction levels and reinforce our brand image as an innovative and customer-centric financial institution.

In line with our commitment to collaboration and innovation, we are forging strategic partnerships with third-party aggregators and leading banks. These partnerships are instrumental in facilitating seamless integration and delivering enhanced benefits to our valued customers, further solidifying our position as a trusted financial partner.

Looking ahead, our focus remains steadfast on speed to market and enhancing accessibility to our services for our customers. We will continue to prioritise the introduction of cutting-edge technology and digital solutions, re-engineering our processes where necessary to drive operational excellence. Additionally, we are committed to expanding and, where necessary, revamping our branches to ensure optimal service delivery and accessibility for our customers.

In essence, our future focus underscores our unwavering dedication to leveraging technological innovation to deliver superior financial solutions and experiences, thereby driving sustainable growth and value creation for all stakeholders.

Future Focus

To continue to be the agile finance solutions provider, we will focus on speed to the market and easy reach of our customers to our services.

Revamping our corporate website with cutting-edge technology

Forging strategic partnerships with leading banks and third-party aggregators to streamline processes

Expanding and revamping branches to ensure optimal service delivery and accessibility for customers, driving sustainable growth and value creation.

Launch E-Wallet offering a value added service to our customers

SOCIAL AND RELATIONSHIP CAPITAL



At Singer Finance, our social and relationship capital represents the cornerstone of our business success, encompassing the trust and loyalty we have built with our customers, employees, partners, and communities. This capital is nurtured through our unwavering commitment to ethical business practices, superior customer service, and meaningful community engagement. By fostering strong relationships and actively contributing to the well-being of the communities we serve, we enhance our brand reputation and ensure sustainable business growth. Our strategic focus on social and relationship capital involves not only understanding and responding to stakeholder needs but also leveraging these relationships to drive innovation, collaboration, and long-term value creation. As we move forward, we remain dedicated to strengthening these bonds, ensuring that our growth is inclusive and reflective of the mutual respect and support that define our interactions with all stakeholders.

Our Social and Relationship Capital is closely knit with our people strategy and the way we engage with customers and our stakeholders. Over the twenty years that we have been in operation, we have strategically located our branches to offer a personalised service to them.

Our Focus

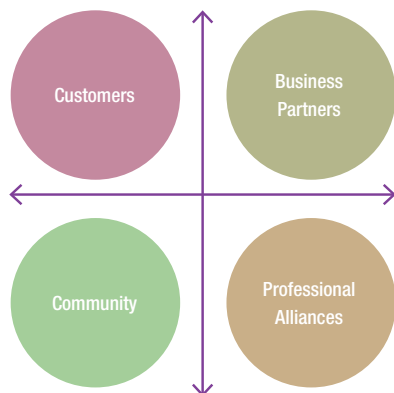
With our wide reach across the island, we are pleased to say that we have tapped well into an unbanked segment and contributed significantly to upgrading their livelihoods and wellbeing in general. Our products and services are geared to suit the needs of entrepreneurs and small and medium enterprises, which comprise a large segment of the country's economic activity, as well as those who need lifestyle products for consumption.

Whether it is a loan, a leasing product, gold loans, deposit we intrusively focus on the needs of the community we serve, offering them a premium service at a reasonable price. As we do not engage in price wars, we are able and capable to define our product to suit the need of the hour, rather than concentrate purely on an economic gain for ourselves. Our experience in the industry that creates deep brand loyalty has allowed us this convergence of mutual benefit, of a satisfied and retained customer and a business sustainable in the long term.

We are proud to have built our reputation on the foundation of trust, ethics, and service excellence. Compliance with legal and regulatory requirements is a top priority for us. Our customer-centric approach and customer relationship management is based on fostering sustainable and mutually beneficial relationships that transcend generations, through engagement, empathy, and exceptional service.

During the macroeconomic crisis that Sri Lanka experienced in 2022, which followed the devastating impact of the pandemic, our Company remained committed to all our stakeholders throughout 2023/24, providing flexibility and support where needed. This period tested the resilience and adaptability of our business, and we responded by strengthening our relationships with

customers, employees, and partners. We introduced measures to ease financial burdens, offered enhanced support to our workforce, and maintained open lines of communication with all stakeholders. Our commitment to social and relationship capital ensured that we navigated these challenging times with empathy and integrity, fostering a sense of trust and solidarity that continues to underpin our business operations. As we look ahead, this steadfast commitment will remain central to our strategy, ensuring we are well-positioned to support our stakeholders through any future challenges.



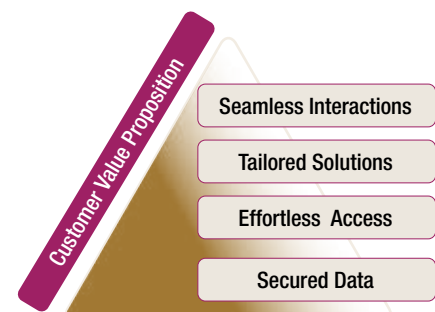
Stakeholder Expectations

Materiality	Expectation	Stakeholders					
		Customers	Business Partners	Employees	Regulators	Investors	Community
	Risk mitigated Good Governance and Profitability	✓	✓	✓	✓	✓	✓
	Customer Relationship	✓			✓	✓	
	Brand Reputation	✓	✓	✓		✓	✓
	Responsible ESG Agenda	✓	✓		✓	✓	✓
	Corporate Social Responsibility	✓	✓	✓	✓	✓	✓

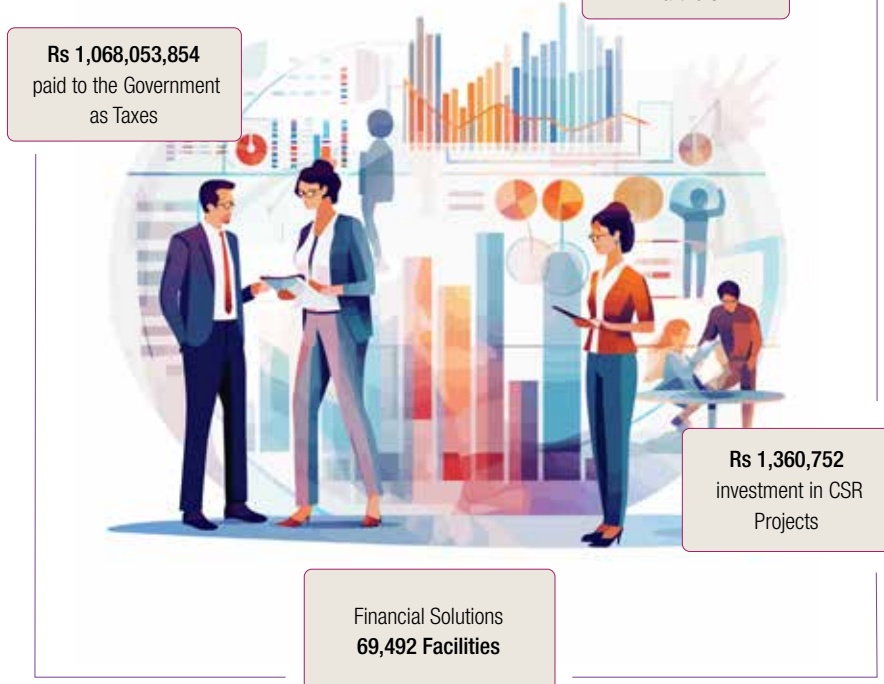
Customers

As a customer-centric company, we are glad to report that, despite the uncertainties and economic downturns in recent years, our customer base has remained loyal. Our customers have deepened their relationship with us, seeking further financial solutions to upscale their lifestyles and enhance their livelihoods. This trust reflects our commitment to understanding and meeting their needs, providing flexible and responsive services that adapt to changing circumstances. Our focus on customer satisfaction and support has been pivotal in maintaining these strong, enduring relationships, ensuring we continue to grow together with our valued customers.

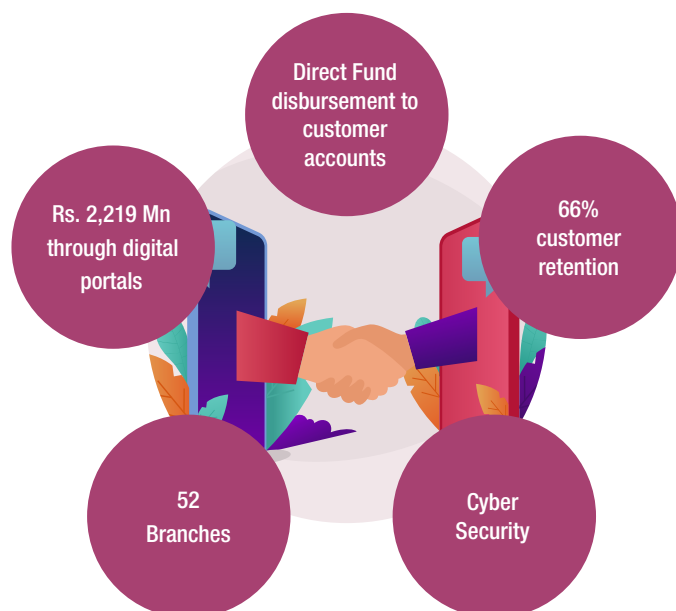
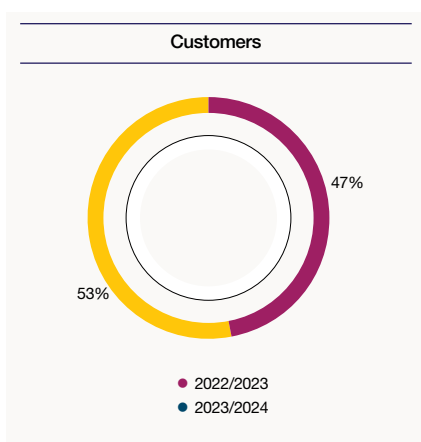
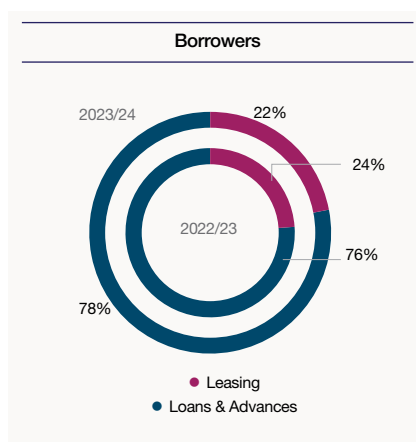
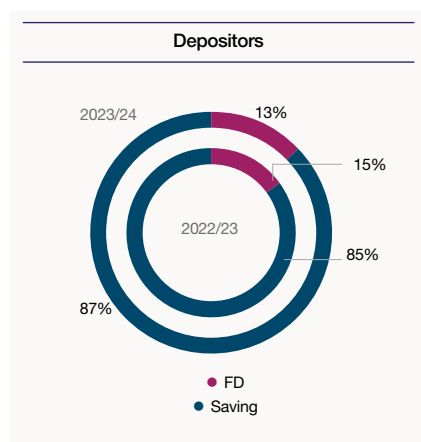
Highlights of Customer - centricity



Our Achievements



SOCIAL AND RELATIONSHIP CAPITAL



How we supported our customers

Seamless Interactions : Our customers can choose to interact with us by physically visiting a branch, online through digital platforms, through the Call Centre or by visiting the Head Office, if the need arises. Our 52 branches are located in the vicinity of our customers, and we plan to expand the branch network in 2024/25.

Tailored Solutions : The strategic location of our branches cater to the personalised financial solutions within the areas they are situated and for customer needs. We have no demarcations and discriminations and cater to the specific need based on the loan servicing capabilities of the customers.

Effortless Access : We have offered our customers a multi-channel option in accessing us for their financial needs and employ a highly skilled and dedicated sales and support functions force to ensure customer satisfaction is maintained at all times.

Data Security : We added a Security Operations Centre and are on the verge of rolling out a cyber security system to further strengthen our already robust data security system.

End-to-End Complaint Handling : We ensured the customer complaints were handled within the stipulated timeline and the customer received a response from us on the issue. This aspect is a priority that flows from our leadership team and permeates through to customer handling staff on the field level.

Customer Data Protection

GRI 418-1

We ensure fair and ethical use of customer data, secure data storing, and extraction where necessary to the extent that is needed for the transaction in hand. As we continued to improve and use online and digital platforms that are the norm in the current business environment, we also have introduced stringent control measures to ensure data protection.

Customer Communications

GRI 417-1, 417-2, 417-3

All our marketing material and customer communications are done in a manner that is clearly understood by our customer base and where necessary in the dominant language that the customer uses. We do not engage in greenwashing our communication, and features, benefits and any applicable penalties for defaults are clearly presented to the customers. During the year, we had no instances of non-compliance concerning products and service information, marketing communication or loss of customer data.

Business Partners and Outsourced Employees

GRI 2-6, 2-8

Over the years, we have built strong relationships with a base of over 450 business partners spread across the island. Our partnerships include vendors, suppliers, and outsourcing agencies, whose services are of mutual benefit. We nurture these relationships with care and periodically reward exceptional service delivery or value addition to our company. These strategic alliances are integral to our operations, enabling us to maintain high standards of quality and efficiency while fostering a collaborative network that supports our long-term goals.

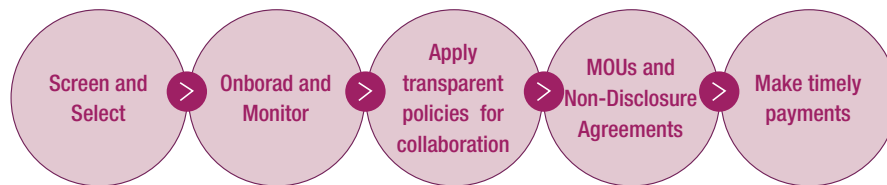
DIRECT

- Banks and Financial Services
- Utility service providers
- Fast Moving Consumer Goods providers
- Transport and Logistics suppliers
- Advertising Agencies
- Technological support providers

OUTSOURCED

- Courier Services
- Call Centre Services
- Office Cleaning Services
- Tea Service

The Engagement Process



Screen and Select

We meticulously screen and select our business partners to ensure alignment with our standards and values. This thorough process helps us build a network of reliable and trustworthy partners.

Onboard and Monitor

Once selected, partners are onboarded through a structured process, followed by continuous monitoring to ensure ongoing compliance and performance excellence.

Apply Transparent Policies for Collaboration

Our collaboration with partners is governed by transparent policies, ensuring fairness, mutual benefit, and clear communication.

MOUs and Non-Disclosure Agreements

To protect the interests of both parties, we establish Memorandums of Understanding (MOUs) and Non-Disclosure Agreements (NDAs), which set clear expectations and safeguard confidential information.

Make Timely Payments

We are committed to making timely payments to our partners, fostering trust and maintaining strong, long-lasting relationships.

Procurement Best Practices

GRI 204-1, 414-1, 414-2

Our procurement policy mandates comparative assessments prior to making purchases. This ensures that we select the best products and services based on quality, price, and ethical considerations. We also ensure that our suppliers adhere to local laws and regulations and conduct their sourcing in an environmentally sustainable manner. When performing due diligence on suppliers, we thoroughly investigate their past business relationships and conduct.

Outsourcing Policy

The Outsourcing Policy governs the engagement and management of outsourced personnel who typically manage operations and call center processes. This strategy allows our permanent employees to focus on value-adding services to the company, enhancing overall efficiency and effectiveness.

By adhering to these structured processes and policies, we ensure that our partnerships are not only beneficial but also sustainable, supporting our long-term goals and values.

Professional Alliances

As a reputable finance company, we are a member of many esteemed associations such as the Finance Houses Association and the Chamber of Commerce. We continue to build strong relationships with these as we grow in the business and position the Company as an ethical business partner.

The success of our Company is dependent on the caliber of its people. Many of our workforce are members of CA Sri Lanka, Chartered Institute of Management Accountants, Chartered Institute of Marketing, Chartered Management Accountants and Association of Accounting Technicians of Sri Lanka. This indicates the continued upskilling that takes place among our people, that naturally translates into a higher level of productivity, performance, and customer interaction.

We are committed to supporting our employees' professional development and recognise the importance of being a member of these associations. As such, we cover the annual membership fees of our employees to ensure they continue to take advantage of the many opportunities for further education and upskilling these associations offer.

SOCIAL AND RELATIONSHIP CAPITAL

The Community

GRI 413-1, 413-2

Contributing positively to the communities where it operates, we prioritise community engagement and development as part of our broader corporate social responsibility (CSR) strategy. By focusing on various initiatives such as education, well-being, and partnerships, we aim to support and uplift local communities. This includes organising events, making donations, and facilitating projects that benefit those in need.

We strive to integrate community engagement across all our operations. This includes conducting social and environmental impact assessments for new projects, implementing local community development programs, and creating formal local community grievance processes. The company ensures public disclosure of its impact assessments and engages in stakeholder mapping to identify and address local needs and concerns.

We conducted several community engagement events in 2023.

Library Construction

We constructed a library. This project, one of our key initiatives this year, not only provided the necessary infrastructure for the library but also donated books to enable access to quality reading material for the students. We believe that access to education is a fundamental right, and we are committed building a literate next generation in the country. We focus on making a positive impact on the communities we serve and contributing to sustainable development in Sri Lanka and will continue to identify and undertake projects that align with our core values and positively impact our stakeholders.



Vesak Ice Cream Dansala

We organised a charity event during Vesak, at the head office. The event provided free ice cream to the public in the vicinity, fostering goodwill and community engagement.



Donation of 10Kg Rice Cookers

To support community institutions, we donated 10kg rice cookers to Jayaviru Sevana and Jayaviru Samadi Institute. These donations support the daily operations of these institutes, particularly in providing meals to residents and participants in their programs.



Donation of High-Power Audio System with Bluetooth

We contributed to Sellakataragama Maha Vidyalyaya's Children's Day celebrations by donating a high-power audio system with Bluetooth capability. This equipment enhances the school's ability to host events and educational activities, benefiting the students and the local community.



Donating Computers

The company donated computers to police stations in the Kandy District. This initiative supports local law enforcement by providing them with the necessary tools to perform their duties more efficiently and effectively.

**Donation of Singer Products**

We provided products to the "Rathnamali" Religious Institute. This donation supports the institute's activities and needs, contributing to the overall wellbeing of the community it serves.



We will continue to build on our existing community engagement initiatives by increasing investments in CSR projects and forming deeper partnerships with local organisations. Our future focus will prioritise projects that address pressing local needs and enhance the overall quality of life, specifically targeting education, community welfare, and environmental management. By engaging in strategic planning and thorough impact assessments, we aim to maximise our positive impact on local communities. Our goal is to ensure that our CSR initiatives create long-term, sustainable change, contributing to the overall development and progress of the areas we serve. We are committed to fostering a more equitable and environmentally responsible future, working hand-in-hand with our communities to achieve shared goals and uplift the standards of living for all stakeholders involved.

Future Focus

With the extensive expertise we have gained in financial services and our insights into the requirements of the populace, especially the unbanked, we plan to conduct several financial literacy awareness programs in the new financial year. These programs aim to empower the community to understand and seek financial assistance from formal institutions rather than through informal means. By enhancing financial literacy, we aim to foster a more financially inclusive society.

Given the current macroeconomic scenario, we will also focus on understanding the latent and emergent financial needs of our customers. We are committed to providing the personalised service that Singer Finance is known for, working through tough times to support and retain our customers. Our goal is to build stronger relationships by being responsive to their needs and helping them navigate financial challenges effectively.

Enhancing our digital capabilities will be a priority. We have already developed plans to implement state-of-the-art technological platforms to provide speedy service to our customers. This includes ensuring robust data protection and cyber security across all our operations. By investing in advanced digital infrastructure, we aim to improve customer experiences and safeguard their information, thereby reinforcing their trust in our services.

In addition, we will continue to build on our existing community engagement initiatives by increasing our investments in CSR projects and forming deeper partnerships with local organisations. We will prioritise projects that focus on education, community welfare, and environmental management to address pressing local needs and enhance the overall quality of life. Through strategic planning and impact assessments, we aim to maximise our positive impact on local communities, ensuring our CSR initiatives create long-term, sustainable change and contribute to the overall development and progress of the areas we serve.

NATURAL CAPITAL



HIGHLIGHTS IN FY 2023/24

Saved 90 fully grown trees

Helped to reduce Green House Gas Emission by 5,280 Kg of Carbon Equivalent

2510 trees planted

5280 kgs of paper recycled



At Singer Finance (Lanka) PLC, we recognise the intrinsic value of natural resources and the critical role they play in sustaining life, supporting ecosystems, and driving economic prosperity. As stewards of the environment, we are committed to preserving and enhancing natural capital, not only for the benefit of current stakeholders but also for the well-being of future generations. In this chapter, we outline our initiatives, achievements, and ongoing efforts to manage and protect natural resources responsibly while contributing to broader environmental conservation goals. From water and energy management to waste reduction and biodiversity conservation, our commitment to natural capital reflects our dedication to sustainable business practices and our role as a responsible corporate citizen.

The Company is a premier finance solutions provider to a cross section of society, especially to the unbanked who resort to informal ways of gaining support in financial need. As such, although we tread softly on our natural capital, we take a comprehensive approach to manage the natural capital in all our operations to ensure our handprint is stronger than our footprint on it.

Management Approach

We are deeply committed to responsibly managing our natural capital, integrating our efforts with the implementation of the Environmental, Social, and Governance (ESG) agenda. We ensure that considerations of natural capital are embedded into every facet of our decision-making processes.

Key environmental policies form the cornerstone of our management approach, guiding our actions towards conserving Planet Earth, minimizing our carbon footprint, and shaping a greener future. These policies encompass material and waste management, energy management and water management. The focus is also on green finance, ensuring a comprehensive approach to sustainability across our operations. Our management team

diligently oversees environmental management, ensuring compliance with these policies and fostering a culture of environmental stewardship throughout the organisation.

While specific targets are under development, our ongoing commitment to these policies drives continuous improvement in our environmental performance, reinforcing our dedication to sustainable practices and mitigating environmental risks to our business.

We are staunch supporters of green finance initiatives that encourage environmentally friendly projects and sustainable business methodologies.

By striving to minimize our carbon footprint, we exemplify our dedication to preserving natural capital for the benefit of future generations.

We support green finance initiatives that promote eco-friendly projects and sustainable business practices. By working towards reducing its carbon footprint the Company demonstrates its commitment to preserving natural capital for future generations.

Governance



We continually monitor, evaluate, and adjust our policies to ensure alignment with industry standards and best practices for managing natural capital. Our organisation routinely reassesses its strategies and sets ambitious goals to improve our environmental performance. Simultaneously, we create opportunities for our employees and stakeholders to participate in sustainability initiatives.



We manage our natural capital in a manner that ensures conservation of the ecosystem, while we engage in our business for the dual purpose of profitability and enhancing livelihoods and lifestyles. Our method of managing this process from stern to stern is encapsulated.



Material and waste management

Singer Finance (Lanka) PLC recognises the significance of effective material and waste management in promoting environmental sustainability. In the fiscal year 2023/24, the company implemented robust waste management strategies to address this critical issue.

Recycling Initiatives

- Segregating and collecting paper across offices and branches.
- Encouraging recycling practices to minimize waste generation and reduce environmental impact.

Waste Reduction Strategies

- Adopting digital documentation and communication methods.
- Decreasing reliance on physical materials to contribute to waste reduction.



Proper Disposal Practices

- Collaborating with licensed waste management providers.
- Adhering to stringent environmental standards and regulations.

Employee Education and Training

- Conducting awareness sessions on sustainability.
- Equipping employees with knowledge and skills for waste reduction, recycling, and reuse.

Innovative Solutions

- Implementing QR code top-ups in branches to reduce printed materials.
- Leveraging technology to drive sustainable practices and minimize environmental footprint.

NATURAL CAPITAL

Paper recycled

Metric	Value
Total waste paper recycled	5,280 kilograms
Previous year's recycling weight	320 kilograms
Fully grown trees saved	90 trees
Oil saved	9,266 liters
Electricity saved	21,120 kilowatt-hours
Water saved	167,798 liters
Landfill space avoided	16 cubic meters
Carbon equivalent emissions reduced	5,280 kilograms

These metrics highlight Singer Finance (Lanka) PLC's substantial progress in environmental sustainability through its paper recycling initiatives.

Energy Management

Recognizing energy as a precious resource, we have made it a top priority to reduce our energy consumption while enhancing operational efficiency. In the fiscal year 2023/24, our organisation consumed 1,085,212 kilowatt-hours (kWh) of energy, prompting us to implement various measures aimed at reducing our environmental impact and operational costs while aligning with our ESG goals.



Solar Panel Installation

Installed solar panels across branches. Harnessed clean, renewable energy. Reduced reliance on conventional electricity sources. Decreased energy consumption and costs. Enhanced reputation as an environmentally conscious entity.

Energy-Efficient Practices

- Used inverter air conditioners to regulate compressor speed and reduce energy consumption.
- Implemented strict operating hours for air conditioners.

Energy Efficiency Upgrades:

- Upgraded lighting to energy-efficient LEDs.
- Conducted regular equipment maintenance and replaced outdated or inefficient equipment.

Employee Engagement:

- Conducted awareness sessions to promote energy-saving practices.
- Appointed a designated Energy Manager to oversee energy-related initiatives.
- Utilized data monitoring and analysis to identify patterns and opportunities for energy conservation.

Simple Energy-Saving Measures:

- Encouraged employees to switch off unnecessary lighting.
- Promoted a culture of environmental consciousness within the company.

Water Management



Recognizing water as a precious and finite resource, we have implemented comprehensive water management strategies to ensure responsible usage across all our operations. With a total water consumption of 9,096,847 liters during the fiscal year 2023/24, we understand the importance of minimizing our water usage and conserving water resources.

- Regular monitoring and maintenance to manage and reduce water leakage at head office and branches. Proactive approach significantly reduces water usage and conserves water resources.
- Sensor taps installed in newly opened branches to automatically shut off water when not in use, reducing water wastage.
- Providing water-related awareness for all employees to promote water conservation practices and minimize unnecessary water wastage.
- Fixing leaks and utilizing low-flow faucets and toilets to conserve water resources and minimize environmental impact.
- Displaying messages on branch 'green walls' through posters to raise awareness among customers and encourage responsible water usage practices.
- Committed to ongoing employee education and awareness on water conservation practices. Regular monitoring of water usage to understand usage patterns and identify areas for improvement.

Future Focus

Singer Finance (Lanka) PLC is committed to advancing environmental sustainability in the fiscal year 2024/25 and beyond. Our strategic initiatives focus on reducing our carbon footprint through investments in energy-efficient technologies and renewable energy sources, particularly solar power for branches and facilities. Additionally, we aim to expand tree planting programs to contribute to carbon sequestration and ecosystem restoration. Water conservation remains a priority, with plans to implement rainwater harvesting and water-efficient fixtures. We also aim to enhance waste management practices, promote biodiversity conservation, and foster sustainability in our supply chain. Strengthening community engagement and establishing robust monitoring and reporting systems are integral to our commitment to environmental stewardship and accountability. Through these efforts, Singer Finance aims to contribute to global sustainability goals and preserve natural capital for future generations.

FOCUS ON SUSTAINABLE DEVELOPMENT/ ROBUST GOVERNANCE AND RISK MANAGEMENT

By embracing strong values in sustainability and risk management we contribute towards a better world. This equips us to be a resilient, responsible and innovative organisation which is geared to thrive amidst challenges.



ESG

The background of the lower half of the page features a large, semi-transparent number '5' on the right side. To the left of the '5', the letters 'ESG' are written in a bold, red, sans-serif font. Surrounding the 'ESG' text and the '5' are several circular icons in a lighter red color. These icons include a bar chart, a globe, a leaf, a classical building, a recycling symbol, a gear, and a dollar sign. The entire background has a soft, out-of-focus texture of green foliage.

ESG RISKS AND OPPORTUNITIES

In preparation for the adoption of the SLFRS S1 and S2 Sustainability Disclosure Standards, the Company strengthened its ESG risk management processes aligned with the processes and method of the parent company. The ESG risk assessment enables us to identify, assess and address these environmental, social, human rights and governance related risks within the scope of our business transactions and the investments we make. Assessing the impact of these transactions and the extent to which it can influence various aspects is a crucial area we aim to focus. By proactively addressing climate-related risks and leveraging the associated opportunities, finance companies can not only mitigate potential adverse impacts but also drive growth and innovation in the evolving market landscape. Financial services providers can also play an increasingly important role in driving the transition towards a greener, low-carbon economy by channelling funds towards environmentally-friendly initiatives. An increased focus on sustainability has opened up a plethora of opportunities for financial institutions in the form of new products and services which could be promoted to its customer base. Our ESG Risk Framework encompasses the principles of protecting the environment, respecting human rights and promoting good corporate governance. We regularly review the guidelines and policies of our ESG Risk Framework to ensure they we comply with emerging new risks and the evolving expectations of our stakeholders. This also takes into consideration Climate -Related Risks & Opportunities (201-2 Financial implications and other risks and opportunities due to climate change)

Sustainability-Related Risks and Opportunities (SRROs) that could reasonably be expected to affect the organisation's prospects (N1)	Description	Effects on 1. cash flows 2. financial performance 3. financial position
Impact of adverse weather and climate change.	Adverse weather conditions and climate change can disrupt operations, leading to increased costs for repairs and maintenance, as well as potential loss of revenue due to shutdowns.	Moderate negative impact on cash flows and financial performance due to increased operational costs and potential revenue loss. Minor impact on financial position.
Natural Disasters damage production facilities and disrupt value chains. This will directly impact the income of certain customers. This will lead to an increase in the credit risk.	Natural disasters such as floods, earthquakes, or tsunamis can cause significant damage to production facilities and disrupt supply chains of customers, impacting the income of customers and increasing the credit risk for the organisation.	Moderate to high negative impact on cash flows, financial performance, and financial position due to potential production disruptions and credit losses.
Risk of failure of agriculture based financial products due to changing environmental conditions.	Changing environmental conditions, such as droughts or floods, can adversely affect agriculture-based financial products, leading to loan defaults and decreased profitability for the organisation.	Moderate negative impact on cash flows, financial performance, and financial position due to potential increase in non-performing loans and decrease in profitability.
Leases provided on Agro vehicles	Providing leases on agricultural vehicles poses risks related to changes in agricultural sector dynamics, including crop failures, commodity price fluctuations, and regulatory changes. These risks may impact the organisation's revenue streams and creditworthiness of lessees.	Moderate negative impact on cash flows and financial performance due to potential defaults or delays in lease payments. Possible decrease in financial position if creditworthiness of lessees deteriorates.
Green Branches Implementation	Implementing green practices in branches, such as using solar panels for energy, reducing paper usage by utilizing QR top-ups instead of leaflets, and using eco-friendly materials, can lead to cost savings and environmental benefits.	Potential decrease in operating costs due to energy savings and reduced paper usage. Positive impact on brand image and customer perception.
Hybrid Electric Vehicle Leasing	Offering hybrid electric vehicle leasing can align with sustainability goals and meet increasing customer demand for eco-friendly transportation options, potentially attracting new customers and enhancing brand reputation.	Potential increase in revenue from new leasing products. Positive impact on customer satisfaction and loyalty.
Enhanced Green Loan Products	Enhancing existing solar loan products with additional features, such as preferential rates or bundled energy efficiency services, can attract more customers and drive loan volume.	Potential increase in loan volume and interest income. Positive impact on customer engagement and satisfaction.
Access to green funding lines	Leveraging opportunities in sustainable finance, such as accessing green funding lines, can provide the organisation with favourable financing terms and enhance its ability to support sustainable projects.	Accessing green funding lines can improve cash flows due to favourable financing terms, leading to reduced interest payments. Financial performance is positively impacted by a lower cost of capital and expanded funding sources, enhancing profitability and financial stability.

EMBRACING SUSTAINABILITY



A Journey Towards a Greener Future

Stepping into two decades of excellence, Singer Finance (Lanka) PLC has positioned itself as a formidable player in the NBFI landscape.

During the financial year, 2023/24, the Company made progressive strides within its strategic framework. This marks the evolution of the Company's sustainability aspirations, founded on a narrative woven with purpose, innovation and a deep-rooted sense of responsibility towards the planet and its people.

Aligning with the Hayleys Lifecode and Sustainable Finance Roadmap

As a member company of the Hayleys Group, Singer Finance is guided by the Hayleys Lifecode in achieving its ESG aspirations. The Hayleys Lifecode serves as the foundation for driving our ESG aspirations, comprising Group-level social and environmental targets, action plans and a comprehensive suite of policies. Our sustainability interventions are also aligned with the Sustainable Finance Roadmap in Sri Lanka promulgated by the Central Bank of Sri Lanka. Our sustainability strategy has been developed in consultation with a range of stakeholders, informed by industry best practices and expert consultants, and guided by the Board.

The Hayleys Life Code is founded on three pillars as follows:



Our sustainability strategy is designed to ensure that our business operations align with national sustainability objectives. As we execute this strategy, we are making the business more resilient while aligning with the values of our customers, employees, society and other key stakeholders, and in everything we do, we will continue to act as proud custodians of our communities and the planet for the benefit of the future generations.

EMBRACING SUSTAINABILITY

A strong platform with sustainability governance structure

We have established a robust sustainability governance structure, serving as a strong platform for our commitment to environmental, social, and governance (ESG) principles. This framework includes monthly sustainability reporting to the Singer ESG, with presentations made to the ESG Steering Committee. Additionally, we ensure timely quarterly reporting on Sustainable Financing Activities to the Central Bank of Sri Lanka, demonstrating our dedication to transparency and accountability in our sustainable practices.

Cultivating champions: with sustainability and ESG related employee training and education

We believe that true change begins from within the hearts and minds of our employees. During the year we launched a comprehensive training program aimed at instilling a deep understanding and commitment to Environmental, Social, and Governance (ESG) principles. Through the Singer Finance Digital Academy, our employees embark on a journey of learning and growth, becoming champions of sustainability within our organisation. We envisage our employees to inculcate sustainable practices within their lifestyles whereby they will become more sustainably driven individuals who would extend green practices to their homes and families as well. This culture of sustainability not only permeates our daily operations but also serves as a beacon of inspiration for our stakeholders.



Aligning to Sustainability Development Goals (SDGs)

We remain committed to supporting the UN SDGs which aim to make significant progress on global economic, social, and environmental challenges by 2030 and have identified the SDGs most relevant to our business and those that have the greatest impact. Moving ahead, we hope to develop specific targets that are linked to our overall strategy and key sustainability concerns of significant stakeholders.

Planting seeds of change with new initiatives

Deeply cognisant of the environmental impact of our main line of business, which is vehicle leasing, we strive to minimise the environmental impact through several initiatives. During the year we launched two initiatives which have been appreciated by our customers and other stakeholders.

Tree For Every Tuk Tuk Project and Growing Dreams initiative

In our quest to combat climate change and nurture green spaces, we launched the 'Tree For Every Tuk Tuk Project' – a visionary initiative that saw us plant a tree for each three-wheeler leased. This initiative creates awareness on our environment while helping to offset carbon emissions. It fosters a sense of environmental stewardship among our clients and stakeholders.



Building upon this success, we embarked on the 'Growing Dreams' initiative, where we provided a sapling to every customer visiting our branches on January 1st. This heartwarming gesture not only symbolized our commitment to green living but also ignited a ripple of positivity within our communities.



2510

No of trees planted through Tree For Every Tuk Tuk Project' and 'Growing Dreams'

Branching out with green branches

As the Company expands its geographical footprint with new branches, we ensure that it does not impact the environmental impact.

As custodians of the environment, we recognise the importance of creating sustainable workplaces that minimise our ecological footprint. To this end, we introduced a myriad of green initiatives across our branches. From harnessing solar power for back-up electricity to implementing QR code top-ups to reduce paper usage, every decision was guided by our commitment to environmental conservation. Moreover, our branches epitomise sustainability,

adorned with green walls and adorned with eco-friendly materials, sending a powerful message of our dedication to a greener future.



Empowering change by financing solar home systems

In a world grappling with climate change, sustainable finance emerges as a beacon of hope. We hope to be a catalyst for driving the transition towards renewable energy. At Singer Finance, we are proud to play our part in this transformative journey through our financing of solar home systems. Partnering with industry leaders in the solar field we offer flexible financing solutions that empower individuals to embrace clean energy solutions. This initiative not only fosters financial inclusion but also contributes to the achievement of multiple Sustainable Development Goals (SDGs), paving the way for a brighter, more sustainable future.



A call to action

Our values and ESG principles serve as the compass that guides us on our journey towards a more sustainable future. By leading with respect, demonstrating responsibility and integrity, embracing innovation, fostering collaboration, responding with agility, and driving sustainability.

As we conclude this chapter of our sustainability journey, we are reminded of the words of Margaret Mead:

"Never doubt that a small group of thoughtful, committed citizens can change the world"

At Singer Finance (Lanka) PLC, we aspire to be more than just a financial institution but agents of change, catalysts for progress, and champions of sustainability. As we look towards the future, we hope to be a transformative force towards a greener, more sustainable world. Together with our stakeholders we hope to create a legacy of sustainability that transcends generations, leaving behind a planet that thrives for centuries to come.



CORPORATE GOVERNANCE



Chairman's Statement on Corporate Governance

I am pleased to introduce the Corporate Governance Report for 2023/24 which sets out the principles of good governance that was practiced by Singer Finance (Lanka) PLC in a operating period characterised by a myriad of challenges. Effective corporate governance is fundamental to the Company's ability to deliver on its strategy. Thus, our approach to corporate governance sets the foundation for the way we conduct our business and deliver value to our stakeholders. Our governance approach is firmly entrenched on the tenets of stewardship, transparency and accountability.

Amidst a volatile and dyanmic business landscape, the Board of Directors' focussed extensively on evaluating the changes in the operating environment and the evolving macroeconomic conditions which required the Company to adapt and pivot swiftly. The Company focussed on reviewing and revising the policy frameworks and strengthening the Environment and Social Risk Management guidelines of the Company. We placed greater focus on sustainability to ensure that our value creation process encompasses Environmental, Social and Governance (ESG) practices to ensure a sustainable future. We recognise that ensuring sustainable contribution to society and the environment at large will be an integral part of our long-term value creation process.

The Board continuously upheld the principles of fairness, accountability, integrity and transparency. We are committed to maintaining robust corporate governance standards and in ensuring compliance, we continually review and update our governance processes in line with the changes in the regulatory landscape to align with regulatory frameworks and best practices applicable to our core business as a financial service provider. The Company continues to have a zero-tolerance policy for non-compliance, bribery and corruption. We comply with the Finance Companies Act Direction No. 5 of 2021 and during the transitional period, follow corporate governance Direction No. 3 of 2008.

The tables set out in pages 128 to 165 detail the extent of compliance with the Code of Best Practice on Corporate Governance, issued by CA Sri Lanka. The Company also complies with the provisions of the Companies Act No 07 of 2007 and other applicable statutes. There were no violations of code of business conduct and ethics reported during the year.

Way Forward

The Company is committed to integrating ESG principles into its strategy and processes considering the impact of our operations. As a responsible corporate we continuously focus on the environmental, social and governance implications. The Board reviewed the Listing Rules on Corporate governance issued by the Colombo Stock Exchange and have in place an action plan to ensure compliance. The Board has also reviewed revised Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CASL) in December 2023 and is pleased to note the Company's proactive approach in ensuring compliance with the same.

Aravinda Perera
Chairman

7th May 2024

Statement of Compliance on Corporate Governance Reporting

The subsequent discussion provides an overview of how the Board strived to create value to the organisation during the year, including its key area of focus, operations and deliverables during the year. Detailed information regarding the Company's extent of compliance with the requirements of the Corporate Governance Direction of CBSL, the Listing Rules of the Colombo Stock Exchange and Code of Best Practice on Corporate Governance (2023) are available from pages 90 to 127 of this Report.

COMPLIANCE WITH BEST PRACTICES

We are committed towards maintaining robust corporate governance and in ensuring compliance, we continually review and update our governance processes to align with regulatory frameworks and best practices applicable to our core business as a financial service provider. In the year under review the Board prioritised the early adoption of the best

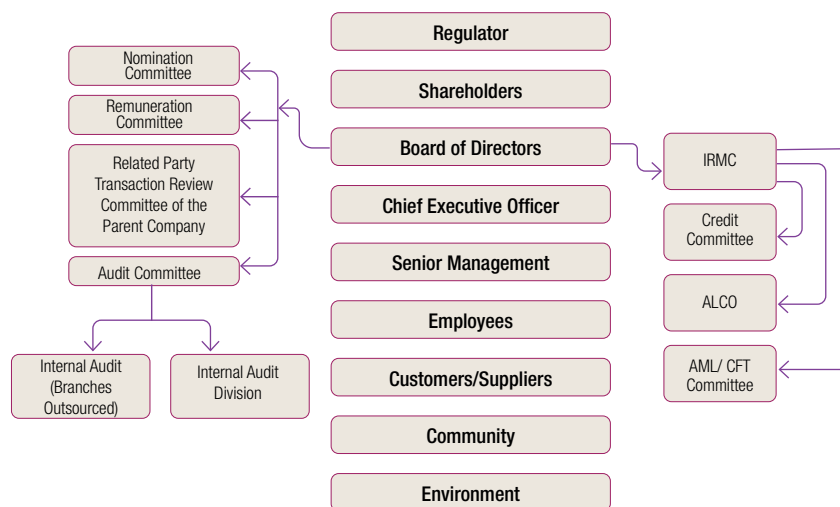
practices outlined in the Finance Business Act Direction No.5 of 2021 on Corporate Governance through the consultative process initiated by the Central Bank of Sri Lanka for the NBFIs. The Directive come into effect from 01st July 2022, which includes several transitional provisions where implementation deadlines allowing NBFIs sufficient time until 01st July 2024 to fully comply with. Moving ahead swiftly, we proceeded to comply

with the majority of the requirements even before March 2023. We have invested in enhancing the intellectual capabilities in the areas such as Cyber security and usage of IoT, through the engagement of the latest technologies and domain experts (at both management and board level) to ensure a sustainable level of assurance over confidentiality, integrity, and availability of computing resources.

Value-creating governance

We believe that the way we approach governance and leadership in our business supports our overall value creation process. To achieve sustained value, we need to establish and maintain trust with our stakeholders, which is made possible by embracing governance as a business enabler. Thus, the Board is committed to upholding high standards of corporate governance and our governance framework ensures an appropriate balance of authority and decision-making power, which drives accountability, transparency, and integrity. We constantly review our practices and frameworks to ensure that we act in the best interests of our stakeholders through integrity, enhanced accountability, robust risk management and effective performance management.

Governance structure and frameworks



Regulatory Requirements	Internal Frameworks	Voluntary Codes and Best Practices
The Companies Act No. 7 of 2007	Articles of Association	Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC)
Finance Companies (Corporate Governance) Direction No 3 of 2008 and subsequent amendments	Board-approved Terms of Reference (TOR) of Board Sub Committees	The Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka
Finance Business Act Direction No 5 of 2021 on Corporate Governance and during the transitional period No. 3 of 2008	Board-approved policy frameworks for governance, risk, compliance and operational areas	Global Reporting Initiative (GRI) Standards issued by the Global Sustainability Standards Board
Listing Rules of the Colombo Stock Exchange Directives/ Regulations of the Securities and Exchange Commission of Sri Lanka	Codes of Conduct for Employees, Key Management Personnel and Directors	ESG risks and climate related risks and opportunities governed by TCFD
The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995		

The Board

The Board of Singer Finance holds the overall responsibility for the management and oversight of the company and its activities. As such the Board is held accountable to shareholders and other stakeholders, to ensure that the company is managed in a safe and sound manner. The Board comprises a mix of Executive, Non-Executive Directors and Independent Non-Executive Directors. The balance between non-executive and executive directors enables the Board to provide clear and effective leadership across all business activities.

Independence

04 of Singer Finance's board members are independent directors.

Skills and expertise

Our board comprises an appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.

The directors receive comprehensive updates and training on various topics including changes in laws and regulations, tax laws and accounting standards from time to time. Newly appointed directors are informed via appointment letters about disclosure requirements, regulatory requirements to be complied with. In addition, the board was trained on AML/CFT requirements.

CORPORATE GOVERNANCE

Audit Committee

Composition

NED	INED	SINED
		

Mandate

- Ensure the integrity of the financial statements of the Company.
- Review the internal control practices of the Company.
- Ensure that internal audit activities are carried out as in an independent and objective manner.

Integrated Risk Management Committee

Composition

ED	INED	SINED
		

Mandate

- Develop and implement a robust risk management framework.
- Ensure compliance with the relevant regulations and legislations.
- Review and monitor the contingency plans of the Company

Human Resources and Remuneration Committee

Composition

NED	INED	SINED
		

Mandate

- Make recommendations to the Board on the remuneration paid to Executive Director and Senior Management.
- Operate remuneration structures that are aligned with best market practice.



Related Party Transactions Review Committee

Composition

INED	SINED
	

Mandate

- Review existing and new policies, procedures on related party transactions of the Company.
- Determining whether related party transactions to be entered into by the Company should be submitted to the Board of Directors or shareholders of the Company for approval.

Nominations Committee

Composition

NED	INED	SINED
		

Mandate

- Propose a suitable charter for the appointment and re-appointment of Directors to the Board and to act in accordance with such Charter in proposing appointments and re-appointments.

Credit Committee

Composition

INED	SINED	ED
		

Mandate

- Exercising oversight of Senior Management's identification and management of the Company's credit exposures on an enterprise-wide basis and the Company's responses to trends affecting those exposures.
- Oversight of Management's actions to ensure the adequacy of the allowance for credit losses and the Company's credit-related policies.

Board evaluations

The performance of the Board and its subcommittees are reviewed and evaluated by the Board and Chairman based on a self-appraisal basis. The CEO's performance is evaluated in line with the overall corporate plan by the Board in terms of both financial and operational achievements compared to targets set at the planning stage.

Accountability and stewardship

The Board is aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 200. The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation

of Quarterly and Annual Financial Statements which are prepared and presented in conformity with Sri Lanka Accounting Standards. Accordingly, the Annual Report presents a fair and balanced review of the Company's financial position, performance and prospects. The Board of Directors reviews and approves the Annual Report and third-party assurance has been obtained where relevant, to enhance credibility.

Meeting attendance: The Board meets on a monthly basis and special meetings are convened on a need basis. Meeting agendas and Board papers are circulated to all Board members well in advance of each meeting to ensure adequate time is dedicated for preparation. The required information for the Board Sub-Committees is provided by the Management as per the frequency in which

meetings are held. The Board/ Committee members call for additional information in case where the Directors find that the information provided to them is inadequate or not clear. Further, the members of Corporate Management are invited to the meeting whenever the Board/Committee members require to be briefed on certain papers.

Meeting minutes: All proceedings of the meetings, including Directors' concerns regarding matters which are not resolved unanimously, are recorded in the Board minutes and Board minutes are circulated to Members.

Resolutions: The Articles of Association of the Company provides direction as to how Directors can call for a resolution to be presented to the Board.

Other areas of responsibility and oversight

Fair and responsible remuneration

The company's remuneration framework is designed to attract, motivate, and retain high-performing employees who can drive business performance aligned to its strategic aspirations. Remuneration is linked to individual and collective value creation objectives which are aligned to the company's overall strategy and is based on clearly defined performance targets.

The Directors' remuneration is designed to attract and retain eminent professionals with required skills and expertise. Remuneration is structured taking into account performance and risk factors required for the job and is aligned to corporate and individual performance. Human Resources and Remuneration Committee is responsible for suggesting and approving the Directors' remuneration. The Committee sets the principles, parameters and governance framework of the Company's remuneration policy and recommends the terms and conditions of employment of the Chairman of the Board, Executive Directors, and the Senior Management.

The Non-Executive Directors receive a comprehensive fee for being a Director of the Board and either chairing or being a member of a Board subcommittee. They do not receive any performance/ incentive payments. No individual Director is involved in determining his own remuneration. Remuneration of Non-Executive Directors is decided by the Remuneration Committee.

The remuneration package of the CEO is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short-term and long-term goals and interests of the Company. The report of the Remuneration Committee is presented on page 179. Directors' remuneration is disclosed on page 274.

CORPORATE GOVERNANCE

Values and culture

The tone at the top, the example the Board and management set, as well as the values and behaviours embraced by all employees support our overall governance system. The company has in place several tools which contribute towards shaping a values-driven culture.

Code of Conduct and Business Ethics	Whistle-blowing policy	Related Party Transactions Policy
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The Company's Code of Conduct and Business Ethics are applicable to all employees, the Senior Management and the Board of Directors. The Code sets out the expected conduct of employees when interacting with stakeholders and includes considerations on labour and human rights as well as social and environmental sustainability. The Directors are expected to promote a culture of ethical behaviour and compliance and any issues related to the breach of this Code by any Director will be investigated by the Board.

The Board is not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by any Director or any corporate management member of the Company. Transparency is encouraged in all public disclosures, as well as in the way business and communication take place with all stakeholders.

The Company has also implemented a formal whistle-blowing procedure and encourages any employee who suspects misconduct at work, whether by management, peers or any other employee, to raise their concerns.

Shareholder relations

The primary modes of communication between Company and the shareholders are the Annual Report and Annual General Meeting (AGM). Adequate notice and information is provided to the shareholders prior to the AGM to give them an opportunity to exercise the right to raise any issues relating to the business of Company, either verbally or in writing.

Annual General Meeting: The AGM provides shareholders the opportunity to contribute their views and engage with the Board of Directors, including the Chairpersons of certain Sub-Committees and members of the Senior Management. The Company proposes separate resolutions 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. The Company ensures that all valid proxy appointments received for general meetings are properly recorded and counted. The Chairman of the Company ensures that Chairmen of all Board subcommittees namely, Audit, Human Resources and Remuneration, Nomination and Related Party Transactions Review Committee are present at the AGM to answer the questions under their purview. The Company Secretary maintains a record of all correspondence received and delivers 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.

Financial and other notices: The Company provides shareholders with timely information on performance and any other material developments. Numerous platforms are in place to disseminate information amongst shareholders including publications on the CSE, press releases, emails, the corporate webpage, etc.

Attendance of the Board and Sub Committee meetings are given below;

Name of Director	Board Meetings	Audit Committee	Integrated Risk Management Committee	Related Party Transaction Review Committee	Nomination Committee	Human Resources and Remuneration Committee	Credit Committee
Mr. Aravinda Perera - Chairman/NED	13/13	5/5	-	-	2/2	1/1	-
Mr. Jayanth Perera - Senior INED	13/13	5/5	4/4	4/4	2/2	1/1	4/4
Mr. Thushan Amarasuriya - CEO/ED	13/13	-	4/4	-	-	-	4/4
Ms. Darshini Talpahewa - NED	13/13	-	-	-	-	-	-
Mr. Mahesh Wijewardene - NED	13/13	-	-	-	-	-	-
Mr. Ranil De Silva - INED	13/13	5/5	-	4/4	2/2	1/1	-
Mr. Saman Herath - INED	13/13	5/5	4/4	4/4	2/2	1/1	4/4
Mr. Dhammika Siriwardene (appointed w.e.f. 22nd April 2024) - INED	-	-	-	-	-	-	-

Risk management and control

The Board's risk management and internal control duties are discharged through the Board Audit Committee and Board Integrated Risk Management Committee and comprise of a robust framework including policies risk strategies, procedures, limits, and exposures, among others. The Company's risk management framework has been designed to achieve an optimal risk-reward balance, strengthen accountability and enable the effective segregation of duties. The process is built on the three lines of defence model and defines the lines of authority, roles, and responsibilities to efficiently and effectively manage risk across the Company.

IT and cyber security

The increase in IT related investments and the acceleration in digital solutions over the past couple of years have increased the Company's exposure to IT and cybersecurity risks.

The comprehensive IT governance process of the Company ensures that IT objectives are aligned with the business's strategic and operational objectives. IT governance forms an integral part of the corporate governance process which deals primarily with optimizing the linkage between Strategic Directions and Information Management of the Company. AM-IT functions as the Information Security Officer and he is supported by a team of competent and dedicated staff. Information technology and cyber security governance are recurring items on the BIRMC. Matters are escalated to the Board when deemed necessary, considering risk, impact, and other prudential measures.

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In the pursuit of safeguarding our internal data and systems from evolving cyber threats, we have made significant investments in cybersecurity measures. Our commitment to protecting valuable assets is reflected in the implementation of cutting-edge security protocols, regular security audits, and comprehensive training programs for our employees. Notably, we have achieved remarkable advancements by integrating SD-WAN (Software Defined Wide Area Network) technology, which has greatly enhanced our network security and efficiency. Additionally, we have successfully established a dedicated Security Operations Centre (SOC) that serves as a centralized hub for monitoring, detecting, and responding to potential security incidents. These strategic investments have bolstered our overall security infrastructure and reinforced our ability to mitigate risks effectively. We remain steadfast in our commitment to staying ahead of the ever-evolving cybersecurity landscape, ensuring the protection of our critical data and systems for our stakeholders and clients alike.

Sustainability

Singer Finance is deeply committed to sustainability and recognises its role in creating a positive impact on the world. Our sustainability strategies revolve around the three pillars of economic, social, and environmental responsibility, while also aligning with the United Nations Sustainable Development Goals. In the past year, we have further strengthened our commitment by incorporating Environmental, Social, and Governance (ESG) considerations into our decision-making processes. These guidelines serve as the bedrock for our business operations, ensuring that we evaluate and mitigate the impact of our activities on the environment, society, and governance. By adhering to these principles, we strive to be a responsible corporate citizen and create long-term value for all our stakeholders.

Sustainability reporting: We focus on continuously improving our sustainability disclosures in line with increasing stakeholder interest and best practices in corporate reporting. Through sustainability reporting, we aspire to enable ourselves to provide a more fair, transparent and meaningful view of our business performance and value created for all stakeholders.

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The Company adopted "Section 8: Board Appointed Committee" under the Direction No.03 of 2008, where the transitional period is applicable as given in Section 19 in Direction No.05 of 2021.

This section (pages 90 - 105) sets out the Corporate Governance principles under CBSL regulations and compliance with the same. (Finance Business Act Directions No. 03 of 2008)

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
1. Board's overall responsibilities	1.1	The Board shall assume overall responsibility and accountability for the operations of the Finance Company (FC), by setting up the strategic direction, governance framework, establishing corporate culture and ensuring compliance with regulatory requirements. The Board shall carry out the functions listed in Direction 1.2 to 1.7 below, but not limited to, in effectively discharging its responsibilities.	Complied
	1.2	Business Strategy and Governance Framework a) Approving and overseeing the implementation of the FC's overall business strategy with measurable goals for next three years and update it annually in view of the developments in the business environment. b) Approving and implementing FC's governance framework commensurate with the FC's size, complexity, business strategy and regulatory requirements. c) Assessing the effectiveness of its governance framework periodically. d) Appointing the Chairperson and the Chief Executive Officer (CEO) and define the roles and responsibilities.	Complied
	1.3	Corporate Culture and Values a) Ensuring that there is a sound corporate culture within the FC, which reinforces ethical, prudent and professional behaviour. b) Playing a lead role in establishing the FC's corporate culture and values, including developing a code of conduct and managing conflicts of interest. c) Promoting sustainable finance through appropriate environmental, social and governance considerations in the FC's business strategies. d) Approving the policy of communication with all stakeholders, including depositors, shareholders, borrowers and other creditors, in the view of projecting a balanced view of the FC's performance, position and prospects in public and regulators.	Complied
	1.4	Risk Appetite, Risk Management and Internal Controls a) Establishing and reviewing the Risk Appetite Statement (RAS) in line with FC's business strategy and governance framework. b) Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently. c) Adopting and reviewing the adequacy and the effectiveness of the FC's internal control systems and management information systems periodically. d) Approving and overseeing business continuity and disaster recovery plan for the FC to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances.	Complied
	1.5	Board Commitment and Competency a) All members of the Board shall devote sufficient time on dealing with the matters relating to affairs of the FC. b) All members of the Board shall possess necessary qualifications, adequate skills, knowledge, and experience. c) The Board shall regularly review and agree the training and development needs of all the members. d) The Board shall adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its Board as a whole and that of its committees and maintain records of such assessments. e) The Board shall resolve to obtain external independent professional advice to the Board to discharge duties to the FC.	Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	1.6	Oversight of Senior Management <ul style="list-style-type: none"> a) Identifying and designating senior management, who are in a position to significantly influence policy, direct activities and exercise control over business operations and risk management. b) Defining the areas of authority and key responsibilities for the senior management. c) Ensuring the senior management possess the necessary qualifications, skills, experience and knowledge to achieve the FC's strategic objectives. d) Ensuring there is an appropriate oversight of the affairs of the FC by senior management. e) Ensuring the FC has an appropriate succession plan for senior management. f) Meeting regularly with the senior management to review policies, establish lines of communication and monitor progress towards strategic objectives. 	Complied
	1.7	Adherence to the Existing Legal Framework <ul style="list-style-type: none"> a) Ensuring that the FC does not act in a manner that is detrimental to the interests of and obligations to, depositors, shareholders and other stakeholders. b) Adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards. c) Acting with due care and prudence, and with integrity and be aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently. 	Complied
2. Governance Framework	2.1	Board shall develop and implement a governance framework in line with these directions and including but not limited to the following. <ul style="list-style-type: none"> a) role and responsibilities of the Board b) matters assigned for the Board. c) delegation of authority. d) composition of the Board. e) the Board's independence. f) the nomination, election and appointment of directors and appointment of senior management. g) the management of conflicts of interests h) access to information and obtaining independent advice. i) capacity building of Board members. j) the Board's performance evaluation. k) role and responsibilities of the chairperson and the CEO. l) role of the company secretary. m) Board sub committees and their role; and n) limits on related party transactions. 	Complied
3. Composition of the Board	3.1	The Board's composition shall ensure a balance of skills and experience as may be deemed appropriate and desirable for the requirements of the size, complexity and risk profile of the FC.	Complied
	3.2 (effective 01/07/2024)	The number of directors on the Board shall not be less than seven (07) and not more than thirteen (13).	Complied
	3.3	The total period of service of a director other than a director who holds the position of CEO/ executive director shall not exceed nine years, subject to direction 3.4	Complied

CORPORATE GOVERNANCE

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	3.4	Non-executive directors, who directly or indirectly holds more than 10% of the voting rights or who appointed to represent a shareholder who directly or indirectly holds more than 10% of the voting rights by producing sufficient evidence are eligible to hold office exceeding 9 years of service with prior approval of Director, Department of Supervision of Non-Bank Financial Institutions subject to provisions contained in direction 4.2 and 4.3. Provided, however number of non- executive directors eligible to exceed 9 years are limited to one-fourth (¼) of the total number of directors of the Board	Not applicable
	3.5 (3.5 a- effective 01/07/2024)	Executive Directors <ul style="list-style-type: none"> a) Only an employee of a FC shall be nominated, elected and appointed, as an executive director of the FC, provided that the number of executive directors shall not exceed one-third (1/3) of the total number of directors of the Board. b) A shareholder who directly or indirectly holds more than 10% of the voting rights of the FC, shall not be appointed as an executive director or as senior management. Provided however, existing executive directors with a contract of employment and functional reporting line and existing senior management are allowed to continue as an executive director/senior management until the retirement age of the FC and may reappoint as a non-executive director subject to provisions contained in direction 4.2 and 4.3. Existing executive directors without a contract of employment and functional reporting line need to step down from the position of executive director from the effective date of this direction and may reappoint as a non-executive director subject to provisions contained in direction 4.2 and 4.3. c) In the event of presence of the executive directors, CEO shall be one of the executive directors and may be designated as the managing director of the FC. d) All Executive directors shall have a functional reporting line in the organisation structure of the FC. e) The executive directors are required to report to the Board through CEO. f) Executive directors shall refrain from holding executive directorships or senior management positions in any other entity. 	a) Complied The only executive director of the Company is CEO. b) Not applicable c) Not applicable d) Complied e) Not applicable f) Complied
	3.6	Non-Executive Directors <ul style="list-style-type: none"> a) Non-executive directors shall possess credible track records, and have necessary skills, competency and experience to bring independent judgment on the issues of strategy, performance, resources and standards of business conduct. b) A non-executive director cannot be appointed or function as the CEO/executive director of the FC. 	Complied
	3.7 (effective 01/07/2024)	Independent Directors <ul style="list-style-type: none"> a) The number of independent directors of the Board shall be at least three (03) or one-third (1/3) of the total number of directors, whichever is higher. b) Independent directors appointed shall be of highest caliber, with professional qualifications, proven track record and sufficient experience. c) A non-executive director shall not be considered independent if such: <ul style="list-style-type: none"> i. Director has a direct or indirect shareholding exceeding 5% of the voting rights of the FC or exceeding 10% of the voting rights of any other FC. ii. Director or a relative has or had during the period of one year immediately preceding the appointment as director, material business transaction with the FC, as described in direction 12.1(c) hereof, aggregate value outstanding of which at any particular time exceeds 10% of the stated capital of the FC as shown in its last audited statement of financial position. 	a) Complied b) Complied c) Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
		<ul style="list-style-type: none"> iii. Director has been employed by the FC or its affiliates or is or has been a director of any of its affiliates during the one year, immediately preceding the appointment as director. iv. Director has been an advisor or consultant or principal consultant/advisor in the case of a firm providing consultancy to the FC or its affiliates during the one year preceding the appointment as director. v. Director has a relative, who is a director or senior management of the FC or has been a director or senior management of the FC during the one year, immediately preceding the appointment as director or holds shares exceeding 10% of the voting rights of the FC or exceeding 20% of the voting rights of another FC. vi. Director represents a shareholder, debtor, creditor or such other similar stakeholder of the FC. vii. Director is an employee or a director or has direct or indirect shareholding of 10% or more of the voting rights in a company, in which any of the other directors of the FC is employed or is a director. viii. Director is an employee or a director or has direct or indirect shareholding of 10% or more of the voting rights in a company, which has a transaction with the FC as defined in direction 12.1(c), or in which any of the other directors of the FC has a transaction as defined in direction 12.1(c), aggregate value outstanding of which at any particular time exceeds 10% of the stated capital as shown in its last audited statement of financial position of the FC. d) The nomination committee and Board should determine whether there is any circumstance or relationship, which is not listed at direction 3.7, which might impact a director's independence, or the perception of the independence. e) An independent director shall immediately disclose to the Board any change in circumstances that may affect the status as an independent director. In such a case, the Board shall review such director's designation as an independent director and notify the Director, Department of Supervision of Non-Bank Financial Institutions in writing of its decision to affirm or change the designation. 	<p>d) Complied</p> <p>e) Complied</p>
3.8		Alternate Directors <ul style="list-style-type: none"> a) Representation through an alternate director is allowed only; <ul style="list-style-type: none"> i) With prior approval of the Director, Department of Supervision of Non-Bank Financial Institutions under Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) or as amended; and ii) If the current director is unable to perform the duties as a director due to prolonged illness or unable to attend more than three consecutive meetings due to being abroad. b) The existing directors of the FC cannot be appointed as an alternate director to another existing director of the FC. c) A person appointed as an alternate director to one of the directors cannot extend the role as an alternate director to another director in the same Board. d) An alternate director cannot be appointed to represent an executive director. e) In the event an alternate director is appointed to represent an independent director, the person so appointed shall also meet the criteria that apply to an independent director. 	<p>Not applicable</p> <p>No Alternate directors have been appointed.</p>

CORPORATE GOVERNANCE

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	3.9	Cooling off Periods <p>a) There shall be a cooling off period of six months prior to an appointment of any person as a director, CEO of the FC, who was previously employed as a CEO or director, of another FC. Any variation thereto in exceptional circumstances where expertise of such persons requires to reconstitute a Board of a FC which needs restructuring, shall be made with prior approval of the Monetary Board.</p> <p>b) A director, who fulfils the criteria to become an independent director, shall only be considered for such appointment after a cooling off period of one year if such director has been previously considered as non-independent under the provisions of this Direction.</p>	Complied
	3.10	Common Directorships <p>Director or a senior management of a FC shall not be nominated, elected or appointed as a director of another FC except where such FC is a parent company, subsidiary company or an associate company or has a joint arrangement with the first mentioned FC subject to conditions stipulated in Direction 3.5(f).</p>	Not applicable
	3.11	<p>The Board shall determine the appropriate limits for directorships that can be held by directors. However, a director of a FC shall not hold office as a director or any other equivalent position (shall include alternate directors) in more than 20 companies/societies/bodies, including subsidiaries and associates of the FC.</p>	Complied
4. Assessment of Fitness and Propriety Criteria	4.1	No person shall be nominated, elected or appointed as a director of the FC or continue as a director of such FC unless that person is a fit and proper person to hold office as a director of such FC in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction or as amended.	Complied
	4.2	A person over the age of 70 years shall not serve as a director of a FC.	Complied subject to 4.3
	4.3	<p>Notwithstanding provisions contained in 4.2 above, a director who is already holding office at the effective date of this direction and who attains the age of 70 years on or before 31.03.2025, is permitted to continue in office as a director, exceeding 70 years of age up to maximum of 75 years of age subject to the following,</p> <p>a) Assessment by the Director/Department of Supervision of Non-Bank Financial Institutions on the fitness and propriety based on the criteria specified in the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.</p> <p>b) Prior approval of the Monetary Board based on the assessment of the Director/Department of Supervision of Non-Bank Financial Institutions in 4.3(a).</p> <p>c) The maximum number of directors exceeding 70 years of age is limited to one-fifth (1/5) of the total number of directors.</p> <p>d) The director concerned shall have completed a minimum period of 3 continuous years in office, as at the date of the first approval.</p>	Complied
5. Appointment and resignation of Directors and Senior Management	5.1	The appointments, resignations or removals shall be made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
6. The Chairperson and the CEO	6.1	There shall be a clear division of responsibilities between the chairperson and CEO and responsibilities of each person shall be set out in writing.	Complied
	6.2	The chairperson shall be an independent director, subject to 6.3 below.	Complied
	6.3	In case where the chairperson is not independent, the Board shall appoint one of the independent directors as a senior director, with suitably documented terms of reference to ensure a greater independent element. Senior director will serve as the intermediary for other directors and shareholders. Nonexecutive directors including senior director shall assess the chairperson's performance at least annually.	Complied
	6.4	Responsibilities of the Chairperson The responsibilities of the chairperson shall at least include the following: <ul style="list-style-type: none"> a) Provide leadership to the Board. b) Maintain and ensure a balance of power between executive and non-executive directors. c) Secure effective participation of both executive and non-executive directors. d) Ensure the Board works effectively and discharges its responsibilities. e) Ensure all key issues are discussed by the Board in a timely manner. f) Implement decisions/directions of the regulator. g) Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the company secretary. h) Not engage in activities involving direct supervision of senior management or any other day to day operational activities. i) Ensure appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board. j) Annual assessment on the Performance and the contribution during the past 12 months of the Board and the CEO. 	Complied
	6.5	Responsibilities of the CEO The CEO shall function as the apex executive-in-charge of the day-to-day management of the FC's operations and business. The responsibilities of the CEO shall at least include: <ul style="list-style-type: none"> a) Implementing business and risk strategies in order to achieve the FC's strategic objectives. b) Establishing a management structure that promotes accountability and transparency throughout the FC's operations and preserves the effectiveness and independence of control functions. c) Promoting, together with the Board, a sound corporate culture within the FC, which reinforces ethical, prudent and professional behaviour. d) Ensuring implementation of proper compliance culture and being accountable for accurate submission of information to the regulator. e) Strengthening the regulatory and supervisory compliance framework. f) Addressing the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner. g) CEO must devote the whole of the professional time to the service of the FC and shall not carry on any other business, except as a non-executive director of another company, subject to Direction 3.10. 	Complied

CORPORATE GOVERNANCE

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
7. Meetings of the Board	7.1	The Board shall meet at least twelve times a financial year at approximately monthly intervals. Obtaining the Board's consent through the circulation of papers to be avoided as much as possible.	Complied
	7.2	The Board shall ensure that arrangements are in place to enable matters and proposals by all directors of the Board to be represented in the agenda for scheduled Board Meetings.	Complied
	7.3	A notice of at least 3 days shall be given for a scheduled Board meeting. For all other Board meetings, a reasonable notice shall be given.	Complied
	7.4	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions.	Complied
	7.5	A meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present, unless at least one fourth (1 / 4) of the number of directors that constitute the quorum at such meeting are independent directors.	Complied
	7.6	The chairperson shall hold meetings with the non-executive directors only, without the executive directors being present, as necessary and at least twice a year.	Complied
	7.7	A director shall abstain from voting on any Board resolution in relation to a matter in which such director or relative or a concern in which he has substantial interest, is interested, and he shall not be counted in the quorum for the relevant agenda item in the Board meeting.	Complied No such requirement materialized during the year under review.
	7.8	A director who has not attended at least two-thirds (2 / 3) of the meetings in the period of 12 months immediately preceding or has not attended three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall be acceptable as attendance, subject to applicable directions for alternate directors.	Complied
	7.9	Scheduled Board Meetings and Ad Hoc Board Meetings For the scheduled meetings, participation in person is encouraged and for ad hoc meetings where director cannot attend on a short notice, participation through electronic means is acceptable.	Complied
8. Company Secretary	8.1	a) The Board shall appoint a company secretary considered to be a senior management whose primary responsibilities shall be to handle the secretarial services to the Board and of shareholder meetings, and to carry out other functions specified in the statutes and other regulations.	Complied
	8.1(b) (effective 01/07/2024)	b) The Board shall appoint its company secretary, subject to transitional provision stated in 19.2 below, a person who possesses such qualifications as may be prescribed for a secretary of a company under section 222 of the Companies Act, No. 07 of 2007, on being appointed the company secretary, such person shall become an employee of FC and shall not become an employee of any other institution.	
	8.2	All directors shall have access to advice and services of the company secretary with a view to ensuring the Board procedures laws, directions, rules and regulations are followed.	Complied
	8.3	The company secretary shall be responsible for preparing the agenda in the event chairperson has delegated carrying out such function.	Complied
	8.4	The company secretary shall maintain minutes of the Board meetings with all submissions to the Board and/or voice recordings/video recordings for a minimum period of 6 years.	Complied
	8.5	The company secretary is responsible for maintaining minutes in an orderly manner and shall follow the proper procedure laid down in the Articles of Association of the FC.	Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	8.6	Minutes of the Board meetings shall be recorded in sufficient detail so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of a Board meeting shall clearly include the following: (a) a summary of data and information used by the Board in its deliberations; (b) the matters considered by the Board; (c) the fact-finding discussions and the issues of contention or dissent, including contribution of each individual director; (d) the explanations and confirmations of relevant parties, which indicate compliance with the Board's strategies and policies and adherence to relevant laws, regulations, directions; (e) the Board's knowledge and understanding of the risks to which the FC is exposed and an overview of the risk management measures adopted; and (f) the decisions and Board resolutions.	Complied
	8.7	The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	Complied
9. Delegation of Functions by the Board	9.1	The Board shall approve a Delegation of Authority (DA) and give clear directions to the senior management, as to the matters that shall be approved by the Board before decisions are made by senior management, on behalf of the FC.	Complied
	9.2	In the absence of any of the sub-committees mentioned in Direction 10, the Board shall ensure the functions stipulated under such committees shall be carried out by the Board itself.	Complied
	9.3	The Board may establish appropriate senior management level subcommittees with appropriate DA to assist in Board decisions.	Complied
	9.4	The Board shall not delegate any matters to a board sub-committee, executive directors or senior management, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	Complied
	9.5	The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the FC.	Complied
11. Internal Controls	11.1	FCs shall adopt well-established internal control systems, which include the organisational structure, segregation of duties, clear management reporting lines and adequate operating procedures in order to mitigate operational risks.	Complied
	11.2	A proper internal control system shall: (a) promote effective and efficient operations; (b) provide reliable financial information; (c) safeguard assets; (d) minimize the operating risk of losses from irregularities, fraud and errors; (e) ensure effective risk management systems; and (f) ensure compliance with relevant laws, regulations, directions and internal policies.	Complied
	11.3	All employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.	Complied

CORPORATE GOVERNANCE

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
12. Related Party Transactions	12.1	<p>Board shall establish a policy and procedures for related party transactions, which covers the following.</p> <ul style="list-style-type: none"> a) All FCs shall establish a Related Party Transactions Review Committee (RPTRC) and the chairperson shall be an independent director and the members shall consist of non-executive directors. b) All related party transactions shall be prior reviewed and recommended by the RPTRC. c) The business transactions with a related party that are covered in this Direction shall be the following: <ul style="list-style-type: none"> i. Granting accommodation. ii. Creating liabilities to the FC in the form of deposits, borrowings and any other payable. iii. Providing financial or non-financial services to the FC or obtaining those services from the FC. iv. Creating or maintaining reporting lines and information flows between the FC and any related party which may lead to share proprietary, confidential or information not available in the public domain or otherwise sensitive information that may give benefits to such related party. 	<p>a) Complied</p> <p>b & c) Partially Complied</p> <p>All deposits with related parties were presented during the subsequent RPTRC meeting, with the assurance that they were granted to prevent conflicts of interest.</p>
	12.2	<p>The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the FC with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purposes of this Direction. In this regard, there shall be a named list of natural persons/institutions identified as related parties, which is subject to periodic review as and when the need arises.</p> <ul style="list-style-type: none"> a) Directors and senior management. b) Shareholders who directly or indirectly holds more than 10% of the voting rights of the FC. c) Subsidiaries, associates, affiliates, holding company, ultimate parent company and any party (including their subsidiaries, associates and affiliates) that the FC exert control over or vice versa. d) Directors and senior management of legal persons in paragraph (b) or (c). e) Relatives of a natural person described in paragraph (a), (b) or (d). f) Any concern in which any of the FC's directors, senior management or a relative of any of the FC's director or senior management or any of its shareholders who has a shareholding directly or indirectly more than 10% of the voting rights has a substantial interest 	Complied
	12.3	<p>The committee shall ensure that the FC does not engage in business transactions with a related party in a manner that would grant such party "more favorable treatment" than that is accorded to other similar constituents of the FC. For the purpose of this paragraph, "more favorable treatment" shall mean:</p> <ul style="list-style-type: none"> a) Granting of "total accommodation" to a related party, exceeding a prudent percentage of the FCs regulatory capital, as determined by the committee. b) Charging of a lower rate of interest or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counterparty. c) Providing preferential treatment, such as favorable terms, that extends beyond the terms granted in the normal course of business with unrelated parties. d) Providing or obtaining services to or from a related party without a proper evaluation procedure; or e) Maintaining reporting lines and information flows between the FC and any related party which may lead to share proprietary, confidential or otherwise sensitive information that may give benefits to such related party, except as required for the performance of legitimate duties and functions. 	Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
13. Group Governance	13.1	Responsibilities of the FC as a Holding Company <ul style="list-style-type: none"> a) The FC is responsible for exercising adequate oversight over its subsidiaries and associates while complying with the independent legal, regulatory and governance responsibilities that apply to them. b) The Board of the FC shall: <ul style="list-style-type: none"> i) Ensure that the group governance framework clearly defines the roles and responsibilities for the oversight and implementation of groupwide policies. ii) Ensure that the differences in the operating environment, including the legal and regulatory requirements for each company, are properly understood and reflected in the group governance framework. iii) Have in place reporting arrangements that promote the understanding and management of material risks and developments that may affect the holding FC and its subsidiaries. iv) Assess whether the internal control framework of the group adequately addresses risks across the group, including those arising from intra-group transactions; and v) Ensure that there are adequate resources to effectively monitor compliance of the FC and its subsidiaries with all applicable legal and regulatory requirements. c) The FC, as the apex entity, shall ensure that the group structure does not undermine its ability to exercise effective oversight. The Board shall establish a clearly defined process of approving the creation of new legal entities under its management and identifying and managing all material group-wide risks through adequate and effective policies and controls. d) The Board and senior management of the FC shall validate that the objectives, strategies, policies and governance framework set at the group level are fully consistent with the regulatory obligations of the FC and ensure that company-specific risks are adequately addressed. e) The FC shall avoid setting up complicated structures that lack economic substance or business purpose that can considerably increase the complexity of the operations. 	Not applicable
	13.2	Responsibilities as a Subsidiary <p>If the FC is a subsidiary of another financial institution subject to prudential regulation, FC shall discharge its own legal and governance responsibilities.</p>	Not applicable
14. Corporate Culture	14.1	A FC shall adopt a Code of Conduct which includes the guidelines on appropriate conduct and addresses issues of confidentiality, conflicts of interest, integrity of reporting, protection and proper use of company assets and fair treatment of customers.	Complied
	14.2	The FC shall maintain records of breaches of code of conduct and address such breaches in a manner that upholds high standards of integrity.	Complied
	14.3	A FC shall establish a Whistleblowing policy that sets out avenues for legitimate concerns to be objectively investigated and addressed. Employees shall be able to raise concerns about illegal, unethical or questionable practices in a confidence manner and without the risk of reprisal. The BAC shall review the policy periodically.	Complied

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Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
15. Conflicts of Interest	15.1	<p>a) Relationships between the directors shall not exercise undue influence or coercion. A director shall abstain from voting on any Board resolution in relation to a matter in which such director or any of the relatives or a concern in which such director has substantial interest, is interested, and such director shall not be counted in the quorum for the relevant agenda item in the Board meeting.</p> <p>b) The Board shall have a formal written policy and an objective compliance process for implementing the policy to address potential conflicts of interest with related parties. The policy for managing conflicts of interest shall,</p> <p>i. Identify circumstances which constitute or may give rise to conflicts of interests.</p> <p>ii. Express the responsibility of directors and senior management to avoid, to the extent possible, activities that could create conflicts of interest.</p> <p>iii. Define the process for directors and senior management to keep the Board informed on any change in circumstances that may give rise to a conflict of interest.</p> <p>iv. Implement a rigorous review and approval process for director and senior management to follow before they engage in certain activities that could create conflicts of interest.</p> <p>v. Identify those responsible for maintaining updated records on conflicts of interest with related parties, and</p> <p>vi. Articulate how any non-compliance with the policy to be addressed.</p>	Complied
16. Disclosures – Annual Report	16.1	In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include,	Complied
	i. Financial statements	<ul style="list-style-type: none"> A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures. A statement of responsibility of the Board in preparation and presentation of financial statements 	
	ii. Chairperson, CEO and Board related disclosures	<ul style="list-style-type: none"> Name, qualification and a brief profile. Whether executive, non-executive and/or independent director. Details of the director who is serving as the senior director, if any. The nature of expertise in relevant functional areas. Relatives and/or any business transaction relationships with other directors of the company. Names of other companies in which the director/CEO concerned serves as a director and whether in an executive or non-executive capacity. Number/percentage of board meetings of the FC attended during the year; and Names of board committees in which the director serves as the Chairperson or a member 	Complied
	iii. Appraisal of board performance	<ul style="list-style-type: none"> An overview of how the performance evaluations of the Board and its committees have been conducted 	Complied
	iv. Remuneration	<ul style="list-style-type: none"> A statement on remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management, level and mix of remuneration (financial and non-financial, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation) The aggregate values of remuneration paid by the FC to its directors and senior management. 	Complied
	v. Related party transactions	<ul style="list-style-type: none"> The nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the Chairperson and the CEO and the relationships among members of the Board. Total net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FC's core capital. 	Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
		<ul style="list-style-type: none"> The aggregate values of the transactions of the FC with its senior management during the financial year, set out by broad categories such as accommodation granted, and deposits or investments made in the FC. 	
	vi. Board appointed committees	<ul style="list-style-type: none"> The details of the chairperson and members of the board committees and attendance at such meetings. 	Complied
	vii. Group Structure	<ul style="list-style-type: none"> The group structure of the FC within which it operates. The group governance framework. 	Complied
	viii. Director's report	<p>A report, which shall contain the following declarations by the Board:</p> <ul style="list-style-type: none"> The FC has not engaged in any activity, which contravenes laws and regulations. The directors have declared all related party transactions with the FC and abstained from voting on matters in which they were materially interested. The FC has made all endeavours to ensure the fair treatment for all stakeholders, in particular the depositors. The business is a going concern with supporting assumptions; and The Board has conducted a review of internal controls covering material risks to the FC and have obtained reasonable assurance of their effectiveness. 	Complied
	ix. Statement on Internal Control	<ul style="list-style-type: none"> A report by the Board on the FC's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published. A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliances. A statement of the regulatory and supervisory concerns on lapses in the FC's risk management, or non-compliance with the Act, and rules and directions 	Complied
	x. Corporate governance report	<ul style="list-style-type: none"> Shall disclose the manner and extent to which the company has complied with Corporate Governance Direction and the external auditor's assurance statement of the compliance with the Corporate Governance Direction. 	Complied
	xi. Code of Conduct	<ul style="list-style-type: none"> FC's code of business conduct and ethics for directors, senior management and employees. The Chairperson shall certify that the company has no violations of any of the provisions of this code. 	Complied
	xii. Management report	<ul style="list-style-type: none"> Industry structure and developments Opportunities and threat Risks and concerns Sustainable finance activities carried out by the company Prospects for the future 	Complied
	xiii. Communication with shareholders	<ul style="list-style-type: none"> The policy and methodology for communication with shareholders. The contact person for such communication 	Complied

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Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
8. Board appointed Committees	8 (1)	Every finance company shall have at least the two Board committees set out in paragraphs 8(2) and 8(3) hereof. Each committee shall report directly to the Board. Each committee shall appoint a secretary to arrange its meetings, maintain minutes, records and carry out such other secretarial functions under the supervision of the Chairman of the committee. The Board shall present a report on the performance, duties and functions of each committee, at the Annual General Meeting of the Company.	<p>Complied</p> <p>The company has five sub-committees inter-alia Audit Committee, Remuneration Committee, Nomination Committee, Integrated Risk Management Committee & Related Party Transactions Review Committee.</p> <p>The Board presents a report on the performance, duties, and functions of each committee, at the Annual General Meeting by including the same in the Annual Report.</p>
Audit Committee	8 (2) (a)	The Chairman of the committee shall be a non-executive director who possesses qualifications and experience in accountancy and/or audit.	Complied
	8 (2) (b)	The Board members appointed to the committee shall be non-executive directors.	Complied
	8 (2) (c)	<p>The committee shall make recommendations on matters in connection with:</p> <ul style="list-style-type: none"> (i) the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes; (ii) the implementation of the Central Bank guidelines issued to auditors from time to time; (iii) the application of the relevant accounting standards; and (iv) the service period, audit fee and any resignation or dismissal of the auditor, provided that the engagement of an audit partner shall not exceed five years, and that the particular audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term 	Complied
	8 (2) (d)	The committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	Complied
	8 (2) (e)	The committee shall develop and implement a policy with the approval of the Board on the engagement of an external auditor to provide non-audit services that are permitted under the relevant statutes, regulations, requirements and guidelines. In doing so, the committee shall ensure that the provision by an external auditor of non-audit services does not impair the external auditor's independence or objectivity.	Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	8 (2) (f)	<p>The committee shall, before the audit commences, discuss and finalise with the external auditors the nature and scope of the audit, including:</p> <ul style="list-style-type: none"> (i) an assessment of the finance company's compliance with Directions issued under the Act and the management's internal controls over financial reporting; (ii) the preparation of financial statements in accordance with relevant accounting principles and reporting obligations; and (iii) the co-ordination between auditors where more than one auditor is involved. 	Complied
	8 (2) (g)	<p>The committee shall review the financial information of the finance company, in order to monitor the integrity of the financial statements of the finance company, its annual report, accounts and periodical reports prepared for disclosure, and the significant financial reporting judgments contained therein. In reviewing the finance company's annual report and accounts and periodical reports before submission to the Board, the committee shall focus particularly on:</p> <ul style="list-style-type: none"> (i) major judgmental areas; (ii) any changes in accounting policies and practices; (iii) significant adjustments arising from the audit; (iv) the going concern assumption; and (v) the compliance with relevant accounting standards and other legal requirements. 	Complied
	8 (2) (h)	<p>The committee shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of key management personnel, if necessary.</p>	Complied
	8 (2) (i)	<p>The committee shall review the external auditor's management letter and the management's response thereto.</p>	Complied
	8 (2) (j)	<p>The committee shall take the following steps with regard to the internal audit function of the finance company:</p> <ul style="list-style-type: none"> (i) Review the adequacy of the scope, functions and resources of the internal audit department, and satisfy itself that the department has the necessary authority to carry out its work; (ii) Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit department; (iii) Review any appraisal or assessment of the performance of the head and senior staff members of the internal audit department; (iv) Recommend any appointment or termination of the head, senior staff members and outsourced service providers to the internal audit function; 	Complied

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Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
		<p>(v) Ensure that the committee is apprised of resignations of senior staff members of the internal audit department including the chief internal auditor and any outsourced service providers, and to provide an opportunity to the resigning senior staff members and outsourced service providers to submit reasons for resigning;</p> <p>(vi) Ensure that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care;</p>	
	8 (2) (k)	The committee shall consider the major findings of internal investigations and management's responses thereto;	<p>Not Applicable</p> <p>There were no major findings during the year under review.</p>
	8 (2) (l)	The chief finance officer, the chief internal auditor and a representative of the external auditors may normally attend meetings. Other Board members and the Chief Executive Officer may also attend meetings upon the invitation of the committee. However, at least once in six months, the committee shall meet with the external auditors without the executive directors being present.	Complied
	8 (2) (m)	<p>The committee shall have:</p> <p>(i) explicit authority to investigate into any matter within its terms of reference;</p> <p>(ii) the resources which it needs to do so;</p> <p>(iii) full access to information; and</p> <p>(iv) authority to obtain external professional advice and to invite outsiders with relevant experience to attend, if necessary.</p>	Complied
	8 (2) (n)	The committee shall meet regularly, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	<p>Complied</p> <p>The number of meetings that were held is given in page 174.</p>
	8 (2) (o)	<p>The Board shall, in the Annual Report, disclose in an informative way,</p> <p>(i) details of the activities of the audit committee;</p> <p>(ii) the number of audit committee meetings held in the year; and</p> <p>(iii) details of attendance of each individual member at such meetings.</p>	<p>Complied</p> <p>Please refer pages 174.</p>
	8 (2) (p)	The secretary to the committee (who may be the Company Secretary or the head of the internal audit function) shall record and keep detailed minutes of the committee meetings.	Complied
	8 (2) (q)	The committee shall review arrangements by which employees of the finance company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. Accordingly, the committee shall ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action and to act as the key representative body for overseeing the finance company's relations with the external auditor.	Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
Integrated Risk Management Committee	8 (3) (a)	The committee shall consist of at least one Non-executive Director, CEO and key management personnel supervising board risk categories, i.e., credit, market, liquidity, operational and strategic risks. The committee shall work with key management personnel closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.	Complied
	8 (3) (b)	The committee shall assess all risks, i.e., credit, market, liquidity, operational and strategic risks to the finance company on a monthly basis through appropriate risk indicators and management information. In the case of subsidiary companies and associate companies, risk management shall be done, both on the finance company basis and group basis.	Complied This process is carried out once a quarter.
	8 (3) (c)	The committee shall review the adequacy and effectiveness of all management level committees such as the credit committee and the asset-liability committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	Complied
	8 (3) (d)	The committee shall take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the finance company's policies and regulatory and supervisory requirements.	Complied No such requirement materialized during the year under review.
	8 (3) (e)	The committee shall meet at least quarterly to assess all aspects of risk management including updated business continuity plans.	Complied
	8 (3) (f)	The committee shall take appropriate actions against the officers responsible for failure to identify specific risks and take prompt corrective actions as recommended by the committee, and/or as directed by the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka.	Complied No such requirement materialized during the year under review.
	8 (3) (g)	The committee shall submit a risk assessment report within a week of each meeting to the Board seeking the Board's views, concurrence and/or specific directions.	Complied
	8 (3) (h)	The committee shall establish a compliance function to assess the finance company's compliance with laws, regulations, directions, rules, regulatory guidelines, internal controls and approved policies on all areas of business operations. A dedicated compliance officer selected from key management personnel shall carry out the compliance function and report to the committee periodically.	Complied

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Section B

This section covers the Company's extent of adherence to the Corporate Governance Rules set out in Section 9 of the Listing Rules of the Colombo Stock Exchange.

The following table presents the details of the Company's compliance with Section 9 of the CSE Listing Rules on Corporate Governance as at 31st March 2024.

Section	Rule No	Corporate Governance Rule	Status of Compliance
9.2 Policies (Effective from 01/10/2024)	9.2.1	Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website; (a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk management and Internal controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistleblowing (l) Policy on Anti-Bribery and Corruption	Will be complied in line with the effective date as of 1st October 2024.
	9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report.	No such waivers were granted.
	9.2.3	Listed Entities shall disclose in its Annual Report: (i) the list of policies that are in place in conformity Rule 9.2.1 above, with reference to its website. (ii) details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above.	Will be complied in line with the effective date as of 1st October 2024.
	9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	Will be complied in line with the effective date as of 1st October 2024.
	9.3 Board Committees	9.3.1 Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Complied

Section	Rule No	Corporate Governance Rule	Status of Compliance
	9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in these Rules.	Complied
	9.3.3 (Effective from 01/10/2024)	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Complied
9.4 Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	9.4.1	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	Complied
	9.4.2	Communication and relations with shareholders and investors (a) Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity. (b) Listed Entities shall disclose the contact person for such communication. (c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders, and such process shall be disclosed by the Entity in the Annual Report and the website of the Entity. (d) Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange.	Complied Please refer page 183.
9.5 Policy on matters relating to the Board of Directors	9.5.1	Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall: (a) recognise the need for a balance of representation between Executive and Non-Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position, Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO. (b) where a Listed Entity decides to combine the role of the Chairperson and CEO, (i) set out the rationale for combining such positions; and, (ii) require the Board Charter of the Listed Entity to contain terms of reference/functions of the Senior Independent Director (SID) and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest.	Will be complied in line with the effective date as of 1st October 2024.

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Section	Rule No	Corporate Governance Rule	Status of Compliance
		<ul style="list-style-type: none"> (iii) set out the measures implemented to safeguard the interests of the SID. (c) require diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors. (d) stipulate the maximum number of Directors with the rationale for the same (e) specify the frequency of Board meetings, having regard to the requirements under the Listing Rules. (f) provide mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance by the Listed Entity with obligations arising under such Rules. (g) specify the minimum number of meetings, in numbers and percentage, that a Director must attend, in order to ensure consistent attendance at Board Meetings and to avoid being deemed to vacate such position. (h) provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements. (i) specify the maximum number of directorships in Listed Entities that may be held by Directors. (j) Recognize the right to participate at meetings of the Board and Board Committees by audio visual means and for such participation to be taken into account when deciding on the quorum. 	
	9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	Will be complied in line with the effective date as of 1st October 2024.
9.6 Chairperson and CEO	9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director. Consequently, the position of Chairperson and CEO shall not be held by the same individual.	Complied
	9.6.2	<p>A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance (if such date falls subsequent to the implementation of these Rules).</p> <p>Such Market Announcement shall include the following:</p> <ul style="list-style-type: none"> (a) The reasons for non-compliance (b) The rationale for combining the positions of the Chairperson and CEO 	Not Applicable

Section	Rule No	Corporate Governance Rule	Status of Compliance
	9.6.3	The Requirement for a SID (a) A Listed Entity shall appoint an Independent Director as the SID in the following instances: i. The Chairperson and CEO are the same person ii. The Chairperson and CEO are Close Family Members or Related Parties Such appointment shall be immediately disclosed with reasons for such appointment, by way of a Market Announcement. (b) The Independent Directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors to discuss matters and concerns relating to the Entity and the operation of the Board. The SID shall provide feedback and recommendations from such meetings to the Chairperson and the other Board Members. (c) The SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually, to appraise the Chairperson's performance and on such other occasions as are deemed appropriate. (d) The SID shall be entitled to a casting vote at the meetings specified in Rules 9.6.3.(b) and (c) above. (e) The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID.	Not Applicable The roles of Chairperson and CEO are not held by the same individual, close family members or relatives.
	9.6.4	Until Listed Entities comply with Rule 9.6.1 above, such Entities shall be required to explain the reasons for non-compliance with Rule 9.6.1 in the Annual Report.	Not Applicable
9.7 Fitness of Directors and CEOs	9.7.1	The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, Listed Entities shall utilize the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 below.	Complied
	9.7.2	Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.	Complied
	9.7.3	Fit and Proper Assessment Criteria: a) Honesty, Integrity and Reputation A Director or the CEO of a Listed Entity shall not be considered 'fit and proper' if she or he; (i) has been convicted by a competent court of law in respect of a market offence for which he/she has been charged under the SEC Act or Securities Laws outside of Sri Lanka.	Complied

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Section	Rule No	Corporate Governance Rule	Status of Compliance
		<p>(ii) in his/her individual capacity or as a part of any business that he/she has been involved in, who/which has had a license or registration that has been cancelled by the SEC or any other regulatory authority.</p> <p>(iii) has been convicted, within or outside Sri Lanka of an offence under any law involving fraud, misappropriation or dishonesty or the conviction of which involved a finding that he/she acted fraudulently or dishonestly.</p> <p>(iv) has been convicted for contravening any provision of any law within or outside Sri Lanka for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of financial services or the management of companies.</p> <p>(v) has been disqualified from acting as a Director or CEO of a company or has been dismissed or requested to resign from any position or office by the SEC in terms of the SEC Act or rules and regulations issued thereunder or any other statutory regulatory body due to mismanagement of funds or an offence which involves the commission of financial fraud.</p> <p>(vi) has been disqualified from acting as a CEO/Key Management Person/ Director of a company regulated by the CBSL and/or the Insurance Regulatory Commission of Sri Lanka (IRCSL) as applicable for failure to satisfy the fit and proper assessment criteria issued by the CBSL and/or IRCSL respectively.</p> <p>(vii) has been a Director or the CEO of any Listed Entity which has been delisted by the Exchange in the circumstances specified in Rule 11.3 of these Rules.</p> <p>b) Competence and Capability</p> <p>A Director or the CEO of an Entity shall not be considered as 'fit and proper' if she or he;</p> <p>(i) does not possess suitable academic or professional qualifications or necessary skills, competencies and experience which are determined by the Nominations and Governance Committee of the Listed Entity in terms of Rule 9.11.5 of these Rules which are required to efficiently contribute to the business operations of the Entity in his/her capacity as a Director/ CEO (as applicable).</p> <p>(ii) has been declared by a court of competent jurisdiction in Sri Lanka or outside Sri Lanka, to be of unsound mind.</p> <p>c) Financial Soundness</p> <p>A Director or the CEO of an Entity shall not be considered as a 'fit and proper person' by the Exchange, if she or he;</p>	

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		<ul style="list-style-type: none"> (i) is an undischarged bankrupt or a person on whose behalf a receiver or manager or liquidator or an equivalent person has been appointed within or outside Sri Lanka. (ii) has been the subject of a judgment debt which is unsatisfied, either in whole or in part, whether in Sri Lanka or outside Sri Lanka. (iii) has been in a position capable of exercising significant influence in a company that has: <ul style="list-style-type: none"> (a) been declared bankrupt within or outside of Sri Lanka; or (b) its assets sequestrated for the non-satisfaction of a judgement debt. 	Complied
	9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied
	9.7.5	<p>Disclosures in the Annual Report of Listed Entities</p> <p>Listed Entities shall include the following disclosures/reports in the Annual Report;</p> <ul style="list-style-type: none"> a) A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. b) Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such noncompliance/s. 	Complied
9.8 Board Composition	9.8.1 (Effective from 01/10/2024)	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complied
	9.8.2 (Effective from 01/10/2024)	<p>Minimum Number of Independent Directors:</p> <ul style="list-style-type: none"> (a) The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher. (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change. 	Complied

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	9.8.3	<p>Criteria for determining independence:</p> <p>A Director shall not be considered independent if he/she:</p> <ul style="list-style-type: none"> (i) has been employed by the Listed Entity during the period of three (3) years immediately preceding appointment as Director. (ii) currently has/had during the period of three (3) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly. (iii) currently has/had during the preceding financial year a Close Family Member who is a Director and/or CEO in the Listed Entity. (iv) has a Significant Shareholding in the Listed Entity. (v) has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment. (vi) is employed in another company or business; <ul style="list-style-type: none"> a. in which a majority of the other directors of the Listed Entity are employed or are directors; or b. in which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or c. that has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection. (vii) is a director of another company; <ul style="list-style-type: none"> a. in which a majority of the other directors of the Listed Entity are employed or are directors; or b. that has a Business Connection in the Listed Entity or a Significant Shareholding. (viii) has a Material Business Relationship or a Significant Shareholding in another company or business; <ul style="list-style-type: none"> a. in which a majority of the other directors of the Listed Entity are employed or are directors; and/or b. which has a Business Connection with the Listed Entity or Significant Shareholding in the same; and/or c. where the core line of business of such company is in direct conflict with the line of business of the Listed Entity. (ix) is above the age of seventy (70) years. 	Complied
	9.8.5	<p>The Board of Directors of Listed Entities shall require:</p> <ul style="list-style-type: none"> (a) Each Independent Director to submit a signed and dated declaration annually of his or her “independence” or “non-independence” against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein. (b) Make an annual determination as to the “independence” or “non-independence” of each Independent Director based on the Directors’ declaration and other information available to it and shall set out the names of Directors determined to be ‘independent’ in the Annual Report. (c) If the Board of Directors determines that the Independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof. 	Complied

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9.9 Alternate Directors		<p>If a Listed Entity provides for the appointment of Alternate Directors, it shall be required to comply with the following requirements and such requirements shall also be incorporated into the Articles of Association of the Entity:</p> <ul style="list-style-type: none"> (a) Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment. (b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive of the Listed Entity. (c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence specified in these Rules and the Listed Entity shall satisfy the requirements relating to the minimum number of Independent Directors specified in these Rules. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made. (d) The Listed Entity shall make an immediate Market Announcement regarding the appointment of an Alternate Director. Such Market Announcement shall include the following: <ul style="list-style-type: none"> i. The exceptional circumstances leading to such appointment; ii. The information on the capacity in which such Alternate Director is appointed, i.e., whether as an Executive, Non-Executive or Independent Director; iii. The time period for which he/she is appointed, which shall not exceed one (1) year from the date of appointment; and, iv. A Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity. (e) The attendance of any Alternate Director at any meeting, including a Board Committee Meeting shall be counted for the purpose of quorum. 	Not Applicable
9.10 Disclosures relating to Directors	9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	Will be complied in line with the effective date as of 1st October 2024
	9.10.2	<p>Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following;</p> <ul style="list-style-type: none"> i. a brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity. 	Complied

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	9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	Complied
	9.10.4	<p>Listed Entities shall also disclose the following in relation to the Directors in the Annual Report:</p> <p>(a) name, qualifications and brief profile;</p> <p>(b) the nature of his/her expertise in relevant functional areas;</p> <p>(c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity;</p> <p>(d) whether Executive, Non-Executive and/or independent Director;</p> <p>(e) the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the Listed Entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies;</p> <p>(f) number of Board meetings of the Listed Entity attended during the year;</p> <p>(g) names of Board Committees in which the Director serves as Chairperson or a member;</p> <p>(h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member.; and,</p> <p>(i) The terms of reference and powers of the SID (where applicable)</p>	Complied
9.11 Nominations and Governance Committee (Effective From 01/10/2024)	9.11.1	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.	Complied
	9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Complied
	9.11.3	The Nominations and Governance Committee shall have a written term of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied

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	9.11.4	Composition	Complied
		<p>(1) The members of the Nominations and Governance Committee shall;</p> <p>(a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.</p> <p>(b) not comprise of Executive Directors of the Listed Entity.</p> <p>(2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors.</p> <p>(3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.</p>	Please refer page 176.
	9.11.5	Functions	Will be fully complied in line with effective date of 1st October 2024.
		<p>The functions of the Nominations and Governance Committee shall include the following:</p> <p>(i) Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Listed Entity. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.</p> <p>(ii) Consider and recommend (or not recommend) the re-appointment/re-election of current Directors taking into account;</p> <ul style="list-style-type: none"> the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Listed Entity and the discharge of the Board's overall responsibilities; and, the number of directorships held by the Director in other listed and unlisted companies and other principal commitments. <p>(iii) Establish and Maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Listed Entity.</p> <p>(iv) Establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Entity and industry specific requirements.</p> <p>v) Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged.</p> <p>(vi) Develop succession plan for Board of Directors and Key Management Personnel of the Listed Entity.</p> <p>(vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.</p> <p>(viii) Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.</p> <p>(ix) Periodically review and update the corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice.</p>	

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		(x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.	
	9.11.6	Disclosures in Annual Report The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson. The said report shall include the following;	Will be fully complied in line with effective date of 1st October 2024.
		<ul style="list-style-type: none"> (a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members); (b) the date of appointment to the Committee; (c) whether a documented policy and processes are in place when nominating Directors; (d) whether all directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years; (e) a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance; (f) Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors. (g) The following information regarding directors who are re-elected or being proposed for re-election during the year: <ul style="list-style-type: none"> • Board Committees served on (as a member or Chairperson), • Date of first appointment as a Director, • Date of last re-appointment as a Director, • Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and, • Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity. (h) Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Entity as specified in Rule 9.11.5 above (i) Processes adopted by the Listed Entity to inform the Independent Directors of major issues relating to the Entity; (j) Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement; (k) Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement. 	

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		<p>(l) A statement that the Directors of the Listed Entity meet the criteria for determining independence.</p> <p>(m) A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Listed Entity's fail to comply with any provisions of such Rules, a statement explaining the reason for such non compliance and the proposed remedial action taken for the rectification of such non compliance.</p>	
9.12 Remuneration Committee	9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	Complied
	9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	Complied
	9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	Complied
	9.12.5	Remuneration Committee shall have a written term of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied
	9.12.6 Composition	<p>(1) The members of the Remuneration Committee shall effective from (Effective from 01/10/2024)</p> <p>(a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.</p> <p>(b) not comprise of Executive Directors of the Listed Entity.</p> <p>(2) In a situation where both the 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.</p> <p>(3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.</p>	Complied
	9.12.7 Functions	<p>(1) The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations.</p> <p>(2) The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.</p>	Complied

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	9.12	Disclosure in Annual Report The Annual Report should set out the following: (a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent company's Remuneration Committee in the case of a group company); (b) A statement regarding the remuneration policy; and, (c) The aggregate remuneration of the Executive and Non-Executive Directors.	Complied Please refer page 179.
9.13 Audit Committee	9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	Not Applicable A company has two separate committees in operation to perform the audit and risk functions
	9.13.2	The Audit Committee shall have a written term of reference clearly defining its scope, authority and duties.	Complied
	9.13.3 (effective from 01/10/2024)	Composition (1) The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors of the Listed Entity. (2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. (3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. (4) If both, the Parent Company and the subsidiary are 'Listed Entities', the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary. (5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. (6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation. (7) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	Complied 1) The Committee comprises of four Non-Executive Directors of which three are Independent Non-Executive Directors. 2) Complied 3) Complied 4) Not applicable – Company has its own Audit Committee 5) Complied 6) Complied 7) Complied

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	9.13.4 (Effective from 01/10/2024)	Functions (1) The functions of the Audit Committee shall include the following: (i) Oversee the Entity's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements. (ii) Review the quarterly results and year-end financial statements of the Entity prior to tabling for the approval of the Board of Directors of the Entity with special reference to: (a) changes in or implementation of major accounting policy changes; (b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; (c) compliance with accounting standards and other legal requirements; (d) any related party transaction and conflict of interest situation that may arise within the Listed Entity or group including any transaction, procedure or course of conduct that raises questions of management integrity; (e) any letter of resignation from the external auditors of the Listed Entity; and, (f) whether there is reason (supported by grounds) to believe that the Listed Entity's external auditor is not suitable for re-appointment (iii) To make recommendations to the Board pertaining to appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors. (iv) Obtain and review assurance received from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Entity's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Entity's risk management and internal control systems. (v) Review the internal controls in place to prevent the leakage of material information to unauthorized persons. (vi) Oversee the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards. (vii) Review and assess the company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks and updated business continuity plans. (viii) Review the risk policies adopted by the Entity on an annual basis.	Will be complied in line with effective date of 1st October 2024.

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		<p>(ix) Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements.</p> <p>(x) Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors.</p>	
		<p>(xi) To develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken.</p> <p>(xii) if a change of auditor is recommended by the Audit Committee in circumstances where the audit opinion of the immediately disclosed financial period or any period where subsequent disclosure of audit opinion is pending and such opinion carries a modification or an emphasis of matter of going concern, then the Audit Committee report shall include the rationale of the Audit Committee for recommending the removal of the auditor.</p> <p>(xiii) Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of a Listed Entity has not been satisfactorily resolved resulting in a breach of these Requirements, the Audit Committee shall promptly report such matter to the Exchange.</p> <p>(2) Where Listed Entities maintain two (02) separate Committees to carry out the Audit and Risk functions, the terms of reference of such Committees shall, at a minimum, include the respective functions stipulated in Rule 9.13.4 (1) above.</p>	
	9.13.5 (Effective from 01/10/2024)	<p>Disclosures in Annual Report</p> <p>(1) The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Entity. The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates.</p> <p>(2) The Audit Committee Report shall contain the following disclosures:</p> <p>(a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of group company);</p> <p>(b) The status of risk management and internal control of the Listed Entity and as a Group (where applicable).</p> <p>(c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances.</p> <p>(d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.</p>	Will be complied in line with effective date of 1st October 2024.

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		<ul style="list-style-type: none"> (e) whether the Listed Entity has a formal Audit Charter; (f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function; (g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity; 	
		<ul style="list-style-type: none"> (h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and (i) a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non-audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties. 	
9.14 Related Party Transactions Review Committee	9.14.1	Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules.	Complied
	9.14.2	Composition <ul style="list-style-type: none"> (1) The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee. (2) If a parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary. 	Complied Not Applicable -Company has its own Related Party Transaction Review Committee.
	9.14.3	Functions <ul style="list-style-type: none"> (1) Listed Entities shall have a Related Party Transactions Review Committee which shall be responsible for reviewing the Related Party Transactions as set out herein. (2) The objective of these Rules on Related Party Transactions is to ensure that the interests of shareholders as a whole are taken into account by a Listed Entity when entering into Related Party Transactions. These Rules further provide specific measures to prevent Directors, CEOs or Substantial Shareholders taking advantage of their positions. (3) When applying these Rules on Related Party Transactions, the objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality. 	Complied The RPT Review Committee Report sets out the functions of the Committee.

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		(4) The Related Party Transactions Review Committee shall establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Entity's operations.	
	9.14.4	General Requirements <p>(1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.</p> <p>(2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.</p> <p>(3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.</p> <p>(4) If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not:</p> <p>(a) be present while the matter is being considered at the meeting; and,</p> <p>(b) vote on the matter.</p>	
	9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee <p>(1) Subject to the exemptions given in terms of Rule 9.14.10, the Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions.</p> <p>(2) In the event of any material changes to a previously reviewed Related Party Transaction in terms of Rule 9.14.5 (1) above, such proposed material changes shall also be reviewed by the Related Party Transactions Review Committee prior to the completion of the transaction.</p> <p>(3) The Related Party Transactions Review Committee shall be provided with all the facts and circumstances of the proposed Related Party Transaction by the senior management to facilitate the review of a Related Party Transaction. Such information shall include where applicable:</p> <p>(i) the Related Party's relationship to the Listed Entity and interest in the transaction;</p> <p>(ii) the material facts of the proposed Related Party Transaction, including the proposed aggregate value of such transaction;</p> <p>(iii) the benefits of the proposed Related Party Transaction to the Listed Entity;</p> <p>(iv) the availability of other sources of comparable products or services; and</p> <p>(v) an assessment of whether the proposed Related Party Transaction is on terms that are comparable to the terms generally available to an unaffiliated third party under the same or similar circumstances, or to employees generally.</p>	Partially Complied

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		<p>(4) In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the Related Party Transactions Review Committee shall take into account the following, among other factors it deems appropriate:</p> <p>(i) the facts and circumstances made available to it as set out above,</p> <p>(ii) the views of the Chairperson of the Board of Directors and the Chairperson of the Nominations and Governance and/or Audit Committee of the impact of the proposed Related Party Transaction on a director's independence (if the related party is a director, a close family member of a director or an entity in which a director is a partner, shareholder or executive officer); and</p> <p>(iii) whether the Related Party Transaction requires immediate market disclosure, as set out in these Rules.</p> <p>(5) No Director shall participate in any discussion of a proposed Related Party Transaction in which he or she is a Related Party, except that the Director, at the request of the Committee, may participate in discussions for the express purpose of providing information concerning the Related Party Transaction to the Committee. Where deemed necessary considering the issues of potential conflict, which were presented to the Committee, the Committee may recommend the creation of a special committee to review and approve the proposed Related Party Transaction.</p> <p>(6) If a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction), the Related Party Transactions Review Committee may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.</p>	
	9.14.6	Shareholder Approval <p>(1) Listed Entities shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transactions:</p> <p>(A) If a non-recurrent transaction;</p> <p>(i) Any Related Party Transaction of a value equal to, or more than:</p> <p>(a) one third (1/3) of the Total Assets of the Entity as per the latest Audited Financial Statements of the Entity; or</p> <p>(b) one third (1/3) of the Total Assets of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other nonrecurrent transactions entered into with the same Related Party during the same financial year.</p> <p>(ii) If the Listed Entity acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Entity or its associates.</p> <p>(B) If a recurrent transaction;</p> <p>Any recurrent Related Party Transaction of a value equal to, or more than:</p>	<p>Complied</p> <p>– No requirement arose for the FY 2023/24</p>

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Section	Rule No	Corporate Governance Rule	Status of Compliance
		<p>(i) one third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity; or</p> <p>(ii) one third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same financial year; And;</p> <p>(iii) the transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favourable to the Related Party than those generally available to the public.</p> <p>(2) In relation to Rules 9.14.6 (1) (A) (i) (b) and 9.14.6 (1)(B) (ii) above, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.</p> <p>(3) If a transaction requires shareholder approval as set out in the Rules above, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.</p>	
	9.14.7	Disclosures	Complied
		<p>(1) Immediate Disclosures</p> <p>A Listed Entity shall make an immediate Market Announcement to the Exchange;</p> <p>(a) 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; or</p> <p>(b) 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.</p> <p>Listed Entities 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.</p> <p>The Market Announcement to the Exchange shall include:</p> <p>(i) the date of the transaction or the period where applicable</p> <p>(ii) the name of the relevant Related Party</p> <p>(iii) the relationship between the Listed Entity and the Related Party</p> <p>(iv) details of the transaction including the amount, relevant terms of the transaction and the basis on which the terms were arrived at</p>	<p>-No requirement arose for FY 2023/24</p> <p>Complied</p> <p>-No requirement arose for FY 2023/24</p>

Section	Rule No	Corporate Governance Rule	Status of Compliance
		<p>(v) the rationale for entering into the transaction</p> <p>(vi) the following statement:</p> <p>“The Related Party Transactions Review Committee of the Entity is of the view that the transaction/s is/are on normal commercial terms, and is/are not prejudicial to the interests of the Entity and its minority shareholders and the Related Party Transaction Review Committee is/is not (delete as applicable) obtaining an opinion from an independent expert prior to forming its view on the transaction.”</p> <p>(vii) the aggregate value of the Related Party Transactions for the financial year with the particular Related Party whose transaction is the subject of the announcement and the aggregate value of all non-recurrent Related Party Transactions for the same financial year.</p>	
	9.14.8	<p>Disclosures in the Annual Report</p> <p>(1) In the case of Non-recurrent Related Party Transactions: if the aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets of the Listed Entity, whichever is lower, as per the latest Audited Financial Statements the following information must be presented in the Annual Report.</p> <ul style="list-style-type: none"> • Name of the Related party • Relationship • Value of the Related Party Transaction(s) entered into during the financial year • Value of Related Party Transaction(s) as a % of equity and as a % of Total Assets. • Terms and conditions of the Related Party Transaction(s) • The rationale for entering into the transaction(s) <p>(2) 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. The name of the Related Party and the corresponding aggregate value of the Related Party Transactions entered into with the same Related Party must be presented.</p> <ul style="list-style-type: none"> • Name of the Related party • Relationship • Nature of the Transaction(s) • Aggregate value of the Related Party Transaction(s) entered into during the financial year • Aggregate value of Related Party Transaction(s) as a % of Gross Revenue /Income • Terms and conditions of the Related Party Transaction(s) <p>(3) The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following:</p> <ul style="list-style-type: none"> • The names of the Directors comprising the Committee; 	Complied

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Section	Rule No	Corporate Governance Rule	Status of Compliance
		<ul style="list-style-type: none"> A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/observations to the Board of Directors. The policies and procedures adopted by the Committee for reviewing the Related Party Transactions. <p>(4) An affirmative declaration by the Board of Directors in the Annual Report that these Rules pertaining to Related Party Transactions have been complied with or if the Entity has not entered into any Related Party Transaction/s a negative statement to that effect.</p>	
	9.14.9	<p>Acquisition and Disposal of Assets from/to Related Parties</p> <p>(1) Except for transactions set out in Rule 9.14.10, Listed Entities shall ensure that neither the Listed Entity nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Entity without obtaining the approval of the shareholders of the Entity by way of a Special Resolution.</p> <p>An asset is substantial if its value or the value of the consideration relating to such asset exceeds 1/3 of the Total Assets of the Entity as per the latest Audited Financial Statements.</p> <p>(2) If a transaction requires shareholder approval as set out in Rule 9.14.9(1) above, such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.</p> <p>(3) Rule 9.14.9(1) does not apply to:</p> <ul style="list-style-type: none"> a transaction between the Listed Entity and a wholly owned subsidiary. a transaction between wholly owned subsidiaries of the Listed Entity. a takeover offer made by the Listed Entity in accordance with Takeovers and Mergers Code 1995 (as amended). any transaction entered into by the Listed Entity with a Bank as principal, on arm's length terms and in the ordinary course of its banking business. <p>(4) The members of the Related Party Transactions Review Committee should obtain 'competent independent advice' from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under consideration. A person who is in the same group of the Listed Entity or who has a Significant Interest in or Financial Connection with the Listed Entity or the relevant Related Party shall not be eligible to give such advice.</p> <p>(5) The competent independent advice obtained in terms of Rule 9.14.9 (4) above should be circulated with the notice of meeting to obtain the shareholder approval as set out in Rule 9.14.9 (1) above.</p> <p>(6) The competent independent advice required in terms of Rule 9.14.9 (4) shall include:</p> <p>(a) the key assumptions, conditions or restrictions that impact the estimate value;</p>	Not Applicable

Section	Rule No	Corporate Governance Rule	Status of Compliance
		<ul style="list-style-type: none"> (b) the different valuation methodologies considered and employed in valuing the subject asset/s and justification for adopting one or more of them in the valuation; (c) the sources of information relied upon for the valuation; (d) the identity of individuals participating in the valuation assignment and their qualifications; (e) statement confirming the independence of the parties participating in the advice; (f) a statement as to whether the transaction is on usual commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Listed Entity and its shareholders as a whole. 	
9.16 Additional Disclosures		<p>The following declarations by the Board of Directors to be included in the Annual Report:</p> <ul style="list-style-type: none"> (i) They have declared all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested; (ii) 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 unable to make any of these declarations an explanation on why it is unable to do so; (iii) they made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; (iv) disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations. 	<p>Complied</p> <p>– No additional disclosures for FY 2023/24</p>

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
Section 1: The Company A. Directors A.1 The Board	Principle of Code A.1	Every public Company should be headed by an effective Board, which should direct, Lead and control the Company:	Complied
Meetings of the Board	A.1.1	The Board should meet regularly. Board meeting should be held at least once in every quarter of the financial year in order to effectively execute the board's responsibilities, while providing information to the board on a structured and regular basis; ideally monthly, or as agreed by the board.	Complied The Board met 13 times during the financial year concerned.
Responsibilities of the Board	A.1.2	The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. In performing its role, the Board should be responsible for matters including: <ul style="list-style-type: none"> Ensuring the formulation and implementation of a sound business strategy; 	Complied Company formulates the annual plan and it is approved by the Board of Directors of the Company, Parent Company and Ultimate Parent Company. Decisions taken at the board meetings are communicated to senior management and further filtered down to operational levels as appropriate.
		<ul style="list-style-type: none"> Appointing the chair and the senior independent director if relevant; 	Complied
		<ul style="list-style-type: none"> Ensuring that the Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy; 	Complied This has been proven by the Company's success throughout the years with a low turnover ratio in key positions and the consistent performance being delivered by the CEO and Key Responsible Persons.
		<ul style="list-style-type: none"> Approving budgets and major capital expenditure; 	Complied Budgets and major capital expenditure are reviewed and approved by the Board.
		<ul style="list-style-type: none"> Determining the matters expressly reserved to the board and those delegated to the management including limits of authority and financial delegation. 	Complied The board has agreed and reserved power to determine matters including approving of major capital expenditure, appointing the secretary to the board and seeking professional advice as and when needed. Credit facility approval is delegated to the management by the board under the recommendation of the Credit Committee. Cheque signing limits are determined by the board and delegated to management as required to allow proper functioning of the business.

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
		<ul style="list-style-type: none"> Ensure effective systems to secure integrity of information, internal controls, cyber security, business continuity and risk management; 	<p>Complied</p> <p>A lot of emphasis is placed to secure integrity of information, internal controls, cyber security, business continuity and risk management by way of the internal audit function, Quarterly Credit Committee meetings and Integrated Risk Management Committee meetings and AML/CFT meetings, monthly IT meetings, and ALCO meetings.</p>
		<ul style="list-style-type: none"> Ensuring the availability of information communication technology (ICT) roadmap in line with business strategy of the company, and monitor the progress of implementation through ICT dashboard. 	<p>Complied</p>
		<ul style="list-style-type: none"> Ensuring compliance with laws, regulations and ethical standards; 	<p>Complied</p>
		<ul style="list-style-type: none"> Ensuring all stakeholder interests are considered in corporate decisions; 	<p>Complied</p> <p>Company has conducted its affairs with a sense of respect for all stakeholders and this can be proven by the fact that there have been no significant complaints or legal action initiated against the Company.</p>
		<ul style="list-style-type: none"> Recognizing sustainable business development and ESG risk and opportunities in Corporate Strategy, decisions and activities and consider the need for adopting integrated reporting. 	<p>Complied</p>
		<ul style="list-style-type: none"> Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations; 	<p>Complied</p>
		<ul style="list-style-type: none"> Establishing a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks. 	<p>Complied</p> <p>All the criteria are monitored and evaluated through formal reporting process.</p>
		<ul style="list-style-type: none"> Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the company. 	<p>Complied</p> <p>This has been proven by the past track record and success of the Company and the Board sub Committees such as the Audit and IRMC functions regularly and deliberates at length thus contributing to Compliance and Financial regulations.</p>
Professional advice to the Board	A.1.3	The Board collectively, and Directors individually, must act in accordance with the laws of the Country, as applicable to the business enterprise. There should be a procedure agreed to by the Board of Directors, wherein a director can require the company to obtain independent professional advice at the Company's expense where it is considered necessary.	<p>Complied</p> <p>Whenever professional advice is required the board informs the Executive Management at the Board Meeting and the required advice or particular fact-finding requirement is assigned to independent professionals.</p>

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
Company Secretary	A.1.4	<p>All directors should have access to the advice and services of the Company Secretary who is responsible to the board in ensuring that board procedures are followed, and that applicable rules and regulations are complied with. If the company secretary is employed by the company in another capacity as well, it cannot be conflicting with the role of company secretary. 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>	Complied
Independent judgment of Directors	A.1.5	All Directors should bring independent judgment to bear, in discharging their duties and responsibilities on matters relating to the board including strategy, performance, resource allocation, risk management, compliance and standards of business conduct.	Complied
Adequate time and effort of Directors	A.1.6	Every director should dedicate adequate time and effort to matters of the board and the company, to ensure that the duties and responsibilities owed to the company are satisfactorily discharged. It must be recognised that directors have to dedicate sufficient time before a meeting to review board papers and call for additional information and clarification, and after a meeting to follow up on issues consequent to the meeting. This should be supplemented by a time allocation for familiarisation with business operations, risks and controls.	Complied
	A.1.7	One third of Directors can call for a resolution to be presented to the board where they feel it is in the best interest to the company to do so.	Complied No such situations have arisen.
Training for Directors	A.1.8	<p>Every Director should receive appropriate training when first appointed to the board of a company, and subsequently as necessary. Training curricular should encompass both general aspects of directorship and matters specific to the industry/company concerned.</p> <p>A Director must recognise that there is a need for continuous training and an expansion of the knowledge and skills required to effectively perform duties as a director. The board should regularly review and agree on the training and development needs of the directors.</p> <p>In accepting an appointment as a director of a company, consideration should be given to the responsibilities of the role, ability to commit time, any existing or potential conflicts of interest and processing required competencies of the role.</p>	Complied
A.2 Chairman and Chief Executive Officer (CEO)	Principle of Code A.2	There are two key tasks at the top of every public Company – Conducting of the business of the Board, and facilitating executive responsibility for management of the Company's business. There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision.	Complied The positions of Chairman and CEO are separated to ensure a balance of power & authority and to prevent any one individual from possessing unfettered decision-making authority.

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	A.2.1	A Decision to combine the posts of Chairman and CEO in one person should be justified and highlighted in the Annual Report.	Not Applicable The position of Chairman and CEO is separated in the Company.
A.3 Chairman's Role	Principle of Code A.3	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.	Complied
	A.3.1	The Chairman should conduct Board proceedings in a proper manner and ensure, inter-alia, that: <ul style="list-style-type: none"> The agenda for board meetings is developed in consultation with the CEO, directors and the company secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance. 	Complied
		<ul style="list-style-type: none"> Sufficiently detailed information of matters included in the agenda is provided to Directors in a timely manner. 	Complied
		<ul style="list-style-type: none"> All directors are made aware of their duties and responsibilities and the board and committee structures through which it will operate in discharging its responsibilities. 	Complied
		<ul style="list-style-type: none"> The effective participation of both Executive and Non-Executive Directors is secured: All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the company. 	Complied The Chairman conducted Board proceedings in a proper manner and ensured the effective participation of all Directors.
		<ul style="list-style-type: none"> All directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusions on matters of corporate concern on the agenda. 	Complied
		<ul style="list-style-type: none"> A balance of power between Executive and Non-Executive Directors is maintained. 	Complied
		<ul style="list-style-type: none"> The views of Directors on issues under consideration are ascertained and a record of such deliberations reflected in the minutes. 	Complied
		<ul style="list-style-type: none"> The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders 	Complied
A.4 Financial Acumen	Principle of Code A.4	The Board should ensure the availability within it, of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	Complied Qualifications of the Directors are given under the Directors profiles in pages 22 and 23.
A.5 Board Balance	Principal of Code A.5	It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking.	Complied

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	A.5.1	<p>The Board should include Non-Executive Directors of sufficient calibre and number for their views to carry significant weight in the Board's decisions. The Board should include at least three Non-Executive Directors or such number of Non-Executive Directors, equivalent to one-third of total number of Directors, whichever is higher. In the event, the Chairman and CEO is the same person, or if the Chairman is not an Independent Director, Non-Executive Directors should comprise a majority of the Board.</p> <p>The total number of directors is to be calculated based on the number as at the conclusion of the immediately preceding annual general meeting. Further, any changes occurring to this ratio should be rectified within 90 days from the date of change.</p>	Complied
	A.5.2	Where the constitution of the Board of Directors includes only three Non-Executive Directors, all three such Non-Executive Directors should be 'independent'. In all other instances three or two third of Non-Executive Directors appointed to the Board of Directors whichever is higher should be 'independent'.	Complied
	A.5.3	For a Director to be deemed 'independent' such Director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.	Complied
	A.5.4	Each Non-Executive Director should submit a signed and dated declaration annually of his/ her independence or non-independence against the specified criteria set out in the Specimen in Schedule C of Code of Best Practice on Corporate Governance and confirm at the end of each quarter whether the declared status on independence continues.	Partially Complied Every Non-Executive Independent Director of the Company has made annual written submissions as to their independence against the specified criteria set out by the Company, which is in line with the requirements of Schedule C of this Code.
	A.5.5	The Board should make a determination annually, unless a change has arisen subsequently, as to the independence or non-independence of each Non-Executive Director based on such a declaration made of decided criteria and other information available to the Board. The board should determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The Board should specify the criteria not met and the basis for its determination in the Annual Report, if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which indicate the contrary and should set out in the Annual Report the names of Directors determined to be 'independent'.	Complied

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	A.5.6	<p>If an alternate Director is appointed by a Non-Executive Director, such Alternate Director should not be an executive of the Company.</p> <p>If an Alternate Director is appointed by an Independent Director, the person who is appointed also should meet the criteria of independence and the provision on minimum number of Independent Directors also should be satisfied.</p>	Not Applicable
	A.5.7	<p>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 or the Chairman and CEO are close family members, 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.</p> <p>The Senior Independent Director should provide guidance to the Chairman on matters of governance of the company, to enable this process he should meet at least twice each year with the non-executive directors and at least once a year with executive directors, to enable discussion and communication of governance related matters. The outcome of these discussions should be informed to the Chairman.</p>	Complied
	A.5.8	<p>The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company.</p> <p>The 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.</p>	Complied
	A.5.9	The Chairman should hold meetings with the Non- Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	<p>Complied</p> <p>Chairman met with NEDs without the presence of Executive Director twice.</p>
	A.5.10	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure that their concerns are recorded in the Board minutes.	<p>Complied</p> <p>Concerns raised by the Directors during the year, if any, are recorded in the minutes of Board meetings with adequate details by the Company Secretary.</p>
A.6 Supply of Information	Principle of Code A.6.	The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.	Complied

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	A.6.1	Management has an obligation to provide the Board with appropriate and timely information, but information volunteered by management may not be enough in all circumstances and Directors should make further inquiries where necessary. The Chairman should ensure all Directors are properly briefed on issues arising at Board meetings.	<p>Complied</p> <p>The Company ensures that the Directors receive adequate information in a timely manner. On urgent matters, every effort is made to provide the information, as early as possible. The Board receives a standard set of documents, which are timely, accurate, relevant and comprehensive.</p> <p>These papers include a detailed analysis of financial and non-financial information. The Board may call for additional information or clarify issues with any member of the Executive Committee. If necessary, all Directors are adequately briefed by the CEO or Head of Finance on matters arising at Board meetings. The Secretary ensures that Board papers are circulated in advance prior to Board meetings. If necessary, members of the Executive Committee, External Auditors and Outside Consultants makes presentations to the Board when required. The Chairman ensures that all Directors are briefed adequately on issues arising at Board meetings.</p>
	A.6.2	In order to facilitate effective conduct of meetings, the agenda and papers required for a board meeting should be provided to Directors at least seven (7) days before the meeting, and the minutes of the meeting should ordinarily be provided to directors at least two weeks after the meeting date.	<p>Complied</p>
A.7 Appointments to the Board; Nomination Committee	Principle of Code A.7	Board should establish a formal and transparent procedure for the appointment of new Directors to the Board.	<p>Complied</p> <p>Board nomination committee recommends the new board appointments. In recommending a new appointee to the Board, special emphasis is made on the challenges ahead and the competency of the existing Board to face those challenges. Shareholders will be provided with a brief resume of the newly appointed Director in this Annual Report along with his expertise, names of the companies in which he holds directorships and his/her Independence.</p>

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	A.7.1	A Nomination Committee comprising a minimum of three members should be established to make recommendations to the Board on all new Board appointments. Majority of the membership of the committee shall comprise maximum of 3 directors of be Non-Executive Directors and shall include at least two or one third (whichever is higher) of Independent Non-Executive Directors. The Chairman of the committee shall be an Independent Non-Executive Director appointed by the Board. If the Chairman of the company is an Independent Non-Executive Director, he/she should chair the Nomination Committee. In situations where a Senior Independent Director has been appointed, he/she should chair the Nomination Committee. Terms of Reference for Nomination Committees are set out in Schedule E of Code of Best practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.	Complied (Please refer page 176 for composition of the committee)
	A.7.2	The nomination committee should annually assess Board composition against pre-defined criteria of skill and knowledge requirements to ascertain whether the combined knowledge and experience of the board matches the strategic demands facing the company. The committee should also consider diversity on the board including gender, age and any other factor relevant to the industry. The findings of such assessment should be taken into account when new board appointments are considered and when incumbent Directors come up for re-election, including a process to determine that such proposed Board appointees are fit and proper. Criteria guiding the fit and proper assessment are detailed in schedule D. Members of the nomination committee should not participate in decision making relating to their own appointment/reappointment and the chairman of the board should not chair the committee when it is dealing with the appointment of his/her successor.	Complied
	A.7.3	The committee should ensure that there is a succession plan for the Chief executive Officer and for all Key Management personnel and determine the training and development requirements for those identified for succession.	Complied
	A.7.4	Upon the appointment of a new Director to the Board, the Company should forthwith disclose to shareholders: <ul style="list-style-type: none"> a brief résumé of the Director; the nature of his expertise in relevant functional areas; the names of companies in which the Director holds directorships or memberships in Board Committees; and whether such a Director can be considered 'independent'. 	Complied All new appointments are communicated to the shareholders via the Colombo Stock Exchange website. The details of the current Board of Directors and new appointments are provided on pages 22 and 23 in this Annual Report.
	A.7.5	The Chairman and members of the Nomination Committee should be identified in the Annual Report. A separate section of the annual report should describe the work of the nomination committee including the process it has used in relation to board appointments.	Complied Please refer page 176.
A.8 Re-Election	Principle of Code A.8	All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.	Complied

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	A.8.1	Non-Executive Directors should be appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director, and their reappointment should not be automatic.	Complied In terms of the Articles of Association, one- third of the Directors, except for Chairman and CEO, retire in rotation and may offer themselves for re-election at the AGM. By virtue of being the Chairman and CEO are not required to make themselves available for re-election as per the Articles of Association.
	A.8.2	All Directors including the Chairman of the Board, should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years. The names of Directors submitted for election or re-election should be accompanied by a résumé minimally as set out in paragraph A.7.4 above, to enable shareholders to make an informed decision on their election.	Complied The Company's Articles of Association provides that any Director appointed by the Board to hold office until the next Annual General Meeting, may seek reappointment by the shareholders at the said AGM. Based on the article and the current composition of the Board, a Director has to come forward for re-election, every three years. Also, as stated in above A.8.1, In terms of the Articles of Association, one-third of the Directors, except for Chairman and CEO, retire by rotation and may offer themselves for re-election at the AGM.
	A.8.3	In the event of a resignation of a director prior to completion of his appointed term, the director should provide a written communication to the board of his reasons for resignation.	Complied Written communications are provided to the board by directors who resign prior to completion of his appointed term.
A.9 Appraisal of Board Performance	Principle of Code A.9	Boards should periodically appraise their own performance in order to ensure that Board Responsibilities are satisfactorily discharged.	Complied
	A.9.1	The board should have in place a formal and rigorous process for annually reviewing the performance of the board and its committees and should address any matters that may arise from such review, in the discharge of its key responsibilities as set out in A.1.2.	Complied The performance of the Board and its subcommittees are reviewed and evaluated by the Board and Chairman based on a self-appraisal basis.
	A.9.2	The Board should also undertake an annual self-evaluation of its own performance, that of its Committees, Chairman, Non-Executive Directors and Executive Directors.	Complied
	A.9.3	The board should have a process to review the participation, contribution and engagement of each director at the time of re-election.	Complied The individual self-evaluations are carried out by the respective Board Member, and submitted in writing to the Secretary for the record.

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	A.9.4	The board should state how such performance evaluations have been conducted, in the annual report.	Complied The details of the performance evaluation conducted are provided on page 87.
A.10 Disclosure of Information in Respect of Directors	Principle of Code A.10	Shareholders should be kept advised of relevant details in respect of Directors.	Complied
	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; • immediate family and/or material business relationships with other Directors of the Company; • 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 other companies in which the Director concerned serves as a Director, provided that where he/she holds directorships in companies within a Group of which the Company is a part, their names need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies; • number/percentage of Board meetings of the Company attended during the year; • 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; and • number/percentage of committee meetings attended during the year. 	Complied Please refer pages 22 to 23, 88 and 274.
A.11 Appraisal of Chief Executive Officer	Principal of Code A.11	The Board should be required, at least annually, to assess the performance of the CEO.	Complied
	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 CEO during the year.	Complied The CEO's performance is evaluated in line with the overall corporate plan by the Board in terms of both Financial and operational achievements compared to targets set at the planning stage.

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	A.11.2	The performance of the CEO should be evaluated by the Board at the end of each fiscal year to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.	Complied This process happens when the CEO's performance appraisal is carried out at the year end.
B. Directors' Remuneration	Principal of Code B.1.	Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. To avoid potential conflicts of interest, no Director should be involved in deciding his/her own remuneration.	Complied
B.2 Remuneration Committee	Principle of Code B.2	Levels and make up of remuneration of both Executive and Non- Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to corporate and individual performance ensuring the balance between short, medium and long-term perspectives of the performance outcomes.	Complied
	B.2.1	The Board of Directors should set up a Remuneration Committee to make recommendations to the Board on company's framework of remunerating Chief Executive Officer, Executive and Non-Executive Directors, and guidelines for fair and transparent procedures for remunerating Senior Management, including Post-Employment Benefits as well as Terminal Benefits.	Complied
	B.2.2	Remuneration Committees should consist exclusively of Non-Executive Directors with a minimum of three non- executive directors of whom the majority should be independent. The chairman should be an independent Non-Executive director and should be appointed by the board.	Complied The Committee consists of Three Independent Non-Executive Directors and one Non-Executive Director. The Committee is chaired by an Independent Non-Executive Director. The Group CEO attends by invitation.
	B.2.3	The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of Executive Directors and Senior Management and have access to professional advice from within and outside the Company, in discharging their responsibilities.	Complied
	B.2.4	The Remuneration Committee should provide the packages needed to attract, retain and motivate Executive Directors and the Chief Executive of the quality required but should avoid paying more than is necessary for this purpose and ensure that the process for Senior Management compensation is structured in the similar manner.	Complied
	B.2.5	Executive Directors' remuneration should be designed to promote the short medium and long-term performance of the company.	Complied

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	B.2.6	The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. It should be aware what comparable companies are paying and should take account of relative performance, but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance.	<p>Complied</p> <p>The committee ensures that compensation packages are designed to attract and retain a highly qualified and experienced workforce and reward performances. These compensation packages should provide compensation appropriate for each business within the Group and commensurate with each employee's level of experience and contribution, bearing in mind the business performance and long-term Shareholder returns.</p>
	B.2.7	The Remuneration Committee should be sensitive to remuneration and employment conditions elsewhere in the Company or Group of which it is a part, especially when determining annual salary increases.	<p>Complied</p> <p>The Remuneration Committee takes into consideration and is sensitive about the conditions of the Group when determining annual salary increases.</p>
	B.2.8	<p>The performance-related elements of remuneration of the Chief Executive and 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. The committee should review at least annually the performance of the Chief Executive and Executive Directors against the set targets and goals, which have been approved by the Board, and recommend the basis for revising remuneration, benefits and other payments of performance-based incentives.</p> <p>The committee should ensure that the guidelines for fair and transparent procedures recommended by them and approved by the Board for evaluating Senior Managements' performance and revising their remuneration, benefits and other payments of performance-based incentives is followed.</p>	<p>Complied</p>
	B.2.9	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.	<p>Not Applicable</p> <p>Presently the Company does not have an Executive Share Option Scheme.</p>
	B.2.10	In designing schemes of performance-related remuneration, Remuneration Committees should follow the provisions set out in Schedule G of Code of Best Practice on Corporate Governance. 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.	<p>Complied</p>

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	B.2.11	Remuneration Committees should consider what compensation commitments (including pension contributions) their Chief Executive's and Executive Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committee should consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.	Complied
	B.2.12	Where the initial contract does not explicitly provide for compensation commitments, Remuneration Committees should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.	Complied No such requirement materialized during the year under review.
	B.2.13	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. The Board may delegate this responsibility to a subcommittee of the Board, which might include the CEO.	Complied The Non-Executive Directors receive a comprehensive fee for being a Director of the Board and either chairing or being a member of a Board subcommittee. They do not receive any performance/ incentive payments. Remuneration of Non-Executive Directors is decided by the Remuneration Committee.
	B.2.14	Levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of their role, taking into consideration market practices which should be reviewed periodically. Remuneration for Non-Executive Directors should not normally include share options. If exceptionally options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the Non-Executive Director leaves the Board. Holding share options could be relevant to the determination of a Non-Executive Director's independence. (as set out in provision A.5.5).	Complied Non-Executive Directors of the Company are paid a fee commensurate with their time and role in the Company and taking into consideration market practices and recommendations made by the parent company and ultimate parent company. Non-Executive Directors are not included in share options as there is no scheme in existence.
	B.2.15	The Chairman and Members of the Remuneration Committee should be listed in the Annual Report each year.	Complied Please refer page 179.
B.3 Disclosure of Remuneration	Principle of Code B.3	The Company's Annual Report should contain a Statement of Remuneration Policy and details of Remuneration of the Board as a whole.	Complied
	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, scope, number of meetings held, a statement of remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	Complied Please refer page 179.

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
C. Relations with Shareholders C.1. Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings.	Principle of Code C.1	Boards should use the AGM to communicate with shareholders and should encourage their participation.	Complied The board ensures that shareholders are given an opportunity to participate by giving adequate notice of the AGM date and time. Any shareholder who wishes to speak to the forum of the AGM is given sufficient time to address the Board and the gathering.
	C.1.1	Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting.	Complied
	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 form should provide shareholders with the option to direct their proxy to vote either for or against the resolution or withhold their vote.	Complied Company proposes separate resolutions at the Annual General Meeting (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 received for general meetings are properly recorded and counted. For each resolution where a vote has been taken on a show of hands, the company should ensure that the following information is given at the meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the company.</p> <ul style="list-style-type: none"> • The number of shares in respect of which proxy appointments have been validly made; • The number of votes for the resolution; • The number of votes against the resolution; and • The number of shares in respect of which the vote was directed to be withheld. <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>	Complied
	C.1.4	The Chairman of the Board should arrange for the Chairmen of the Audit, Remuneration, Nomination and Related Party Transaction Review Committee and the Senior Independent Director are to be available to answer questions at the AGM if so requested by the Chairman.	Complied

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	C.1.5	Companies should circulate, along with every Notice of General Meetings, a summary of the procedures governing voting at General Meetings.	Complied A summary of the procedures governing voting at General Meetings is circulated to shareholders with every Notice of General Meetings.
C.2 Communication with Shareholders	Principle of Code C.2	The Board should implement effective communication with shareholders.	Complied
	C.2.1	There should be a channel to reach all shareholders of the Company in order to disseminate timely information.	Complied The primary modes of communication between Company and the shareholders are the Annual Report and AGM. Information is provided to the shareholders prior to the AGM to give them an opportunity to exercise the prerogative to raise any issues relating to the business of Company, either verbally or in writing prior to the AGM. The Company used the following channels to disseminate timely information; <ul style="list-style-type: none"> - Shareholders meetings - Financial and other notices as and when required through the Colombo Stock Exchange - Corporate website - Press notices.
	C.2.2	The Company should disclose the policy and methodology for communication with Shareholders.	Complied Please refer the Board Communication Policy on page 183.
	C.2.3	The Company should disclose how they implement the above policy and methodology.	Complied Printed copies of Annual Report are provided to shareholders as per request or could be downloaded from the CSE website.
	C.2.4	The Company should disclose the contact person for such communication.	Complied The contact person is the Company Secretary.

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	C.2.5	The Company should have a process to make all Directors aware of major issues and concerns of shareholders, and this process has to be disclosed by the Company.	<p>Complied</p> <p>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.</p>
	C.2.6	The Company should decide the person to contact in relation to shareholder matters. The relevant person with statutory responsibilities to contact in relation to shareholders matters is the Company Secretary or in his/her absence should be a designated member of the Board of Directors.	<p>Complied</p>
	C.2.7	The process of responding to shareholder matters should be formulated by the Board and disclosed.	<p>Complied</p> <p>Please refer the Board Communication Policy on page 183.</p>
C.3. Major and Material Transactions	Principle of Code C.3	Further to compliance with the requirements under the Companies Act, Securities and Exchange Commission law and Colombo Stock Exchange regulations as applicable, Directors should disclose to shareholders all proposed material 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.	<p>Complied</p>
	C.3.1	Prior to a Company engaging in or committing to a 'Major Transaction', with a related party, involving the acquisition, sale or disposition of greater than one third of the Company's net assets or that of a subsidiary which has a material bearing on the net assets of the Company or consolidated net assets of the Company, or a transaction which has or is likely to have the effect of the Company acquiring rights or interest or, incurring obligations or liabilities, of greater than one third of the value of the Company's net assets or consolidated net assets or consolidated net assets of the company, the Directors should disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders' approval by ordinary resolution at an Extraordinary General Meeting. It also applies to transactions or series of related transactions which trigger aforementioned conditions as well as, transactions or series of related transactions which trigger aforementioned conditions as well as, transactions or series of related transactions which have the purpose or effect of substantially altering the nature of the business carried on by the Company.	<p>Complied</p> <p>During the year, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007 which materially affect the Net Assets Base of the Company. Transactions which materially affect the net assets base of the Company will be disclosed in the Quarterly/Annual Financial Statements, if any.</p>
	C.3.2	Public listed companies should in addition comply with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulations of the Securities and Exchange Commission and by the Colombo Stock Exchange.	<p>Complied</p> <p>No such requirement materialized during the year under review.</p>

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
D. Accountability and Audit D.1. Financial and Business Reporting	Principle of Code D.1	The Board should present a balanced and Understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal control and challenges, opportunities and prospects.	Complied
	D.1.1	The board should present an annual report including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained.	Complied An annual report is presented including financial statements that are true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations.
	D.1.2	The Board's responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements.	Complied The Board is well aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 200 confirming this position. The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Quarterly and Annual Financial Statements which are prepared and presented in conformity with Sri Lanka Accounting Standards. Further, Company has complied with the reporting requirements prescribed by the regulatory authority such as the Colombo Stock Exchange.
	D.1.3	The board should, before it approves the company's financial statements for a financial period, obtain from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company and that the system of risk management and internal control was operating effectively.	Complied

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	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 endeavours 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; • 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 • The business is a going concern, with supporting assumptions or qualifications as necessary; <p>The directors should explain in the annual report their responsibility for preparing the annual report and financial statements, and state that they consider the annual report and financial statements, taken as a whole, are fair, balanced, and understandable, and provides the information necessary for shareholders to assess the company's financial position, performance, ESG/sustainability risk and opportunities, business model, and outlook and if it is unable to make any of these declarations, explain why it is unable to do so.</p>	<p>Complied</p> <p>The Annual Report of the Board of Directors on the Affairs of the Company given on pages 196 covers all of these sections. In addition to that Company has established procedures to ensure compliance with all applicable statutory and regulatory requirements. A compliance statement is tabled at each Board meeting by the Compliance Officer. The Company's compliance with Section 9 of the Colombo Stock Exchange Listing Rules on Corporate Governance and details of such compliance are discussed on pages 106 to 127 of this report.</p>
	D.1.5	<p>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 Risk Management and Internal Control.</p>	<p>Complied</p> <p>The "Statement of Directors' Responsibility" is given on page 200. The Directors' Statement on Internal Control is given on page 182. The 'Independent Auditors Report' on pages 201 states the Auditors responsibility.</p>

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	D.1.6	<p>The Annual Report should contain a "Management Discussion & Analysis", discussing, among other issues:</p> <ul style="list-style-type: none"> • business model; • industry structure and developments; • opportunities and threats; • risks and concerns; • internal control systems and their adequacy; • corporate and enterprise governance; • stakeholder relationships; • social and environmental governance activities carried out by the Company; • financial performance; • investment in physical and intellectual capital; • human resource management carried out by the company; and • prospects for the future. 	<p>Complied</p> <p>Capital Reports highlights the operational and financial status of the Company in the context of prevailing industry conditions. This report is given in pages 44 to 80 and from 166 to 172.</p>
	D.1.7	<p>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.</p>	<p>Complied</p> <p>Likelihood of such occurrence is remote. However, should the situation arise, an EGM will be called for and shareholders will be notified.</p>
	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's defined in this Code; • It should be the responsibility of the Company Secretary to keep 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 operationalized and related party transactions should be properly documented; • A record /register either in hard or soft form on related party and related party transactions should be maintained by the Company; <p>This record should ensure that the Company captures information to comply with the respective related party disclosure requirements imposed by the SEC/ Accounting Standards/Auditing Standards and similar regulations.</p>	<p>Complied</p>
D.2. Risk Management and Internal Control	Principle for Code D.2	<p>The Board should establish a policy 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.</p>	<p>Complied</p> <p>The Board has delegated this authority to Audit Committee & IRM Committee and reviews the same, fulfilling the above requirement.</p>

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	D.2.1	The Board should adopt a framework for risk management and the processes to identify, assess, monitor and manage risks with clear delegation of responsibilities to ensure its effectiveness in supporting achievement of the strategic, operational and financial objectives of the company.	Complied
	D.2.1.1	The Board should ensure that the company has 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.	Complied
	D.2.1.2	The Board should describe the risk management framework, processes, responsibilities and explain in the annual report how they are being managed or mitigated.	Complied Please refer pages 166 to 172.
	D.2.1.3	While the Board as a whole is ultimately responsible for risk management, the Board should establish a risk committee to oversee risk management. Alternatively, the entire Board may take up this role or allocate certain aspects of risk to other committees established by the Board and retain certain aspects specially at Board Level.	Complied The Board has established a Board subcommittee, IRM Committee to oversee the risk management.
	D.2.1.4	The Company should consider regulatory requirements and sector / industry specific business risks in determining the need to have a separate Risk Committee. Companies may consider combining Audit and Risk functions under one committee.	Complied The Company has two sperate Board subcommittees for Audit and Risk functions.
	D.2.1.5	When an Independent risk committee established, the committee should comprise of at least three members, a majority of whom should be Non-Executive Directors and be chaired by an Independent Non-Executive Director.	Complied The Committee consists of Two Independent Non-Executive Directors and one Executive Director. The Committee is chaired by an Independent Non-Executive Director. Please refer page 177.
	D.2.1.6	The risk committee should have a written term of reference dealing clearly with its authority and duties. The terms of reference must address at a minimum how it will assist the Board's oversight of risk management.	Complied
	D.2.1.7	The Annual Report should contain a report of the risk committee, setting out its role and how it discharged its responsibilities.	Complied Please refer page 177.
	D.2.1.8	Companies in regulated industries should consider applicable laws and regulations in determining the composition, scope, roles and responsibilities of the risk committee.	Complied
	D.2.2	The Board should establish a process to ensure internal controls are designed, implemented and monitored, to provide reasonable assurance of the achievement of an entity's objectives on reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.	Complied

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	D.2.2.1	The Board should ensure that an effective system of internal controls is established in respect of financial, operational and compliance system, processes, and practices and are monitored regularly. Further, at least annually the Board should obtain a review of the effectiveness of the internal control systems and report on that review in an Annual Report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.	Complied Please refer page 182.
	D.2.2.2	Company should have an internal audit function.	Complied
	D.2.2.3	The Board should require the Audit Committee to ensure carrying out reviews of the process and effectiveness of internal controls and report their recommendations to the Board. Board should take responsibility for disclosures on internal controls in the Annual Report.	Complied The Internal Audit Division of the Company carries out regular reviews on internal controls including internal control over financial reporting. The Audit Committee monitors, reviews and evaluates the effectiveness of internal controls. In the year 2023/24, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Refer the Directors' Statement on Internal Control on pages 182.
D.3. Audit Committee	Principle of Code D.3	The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies for financial reporting, determine the structure and content of corporate reporting, implement internal control and risk management, ensure compliance with laws and regulations and ensuring the independence of the company's Auditors.	Complied
	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, who is a member from a professional accounting body. The board should satisfy itself that at least one member of the audit committee has recent and relevant experience in financial reporting and control.	Complied All members of the Board Audit Committee are Non-Executive Directors. Three out of four Directors are Independent Directors. The Chairman of the committee is an Independent Non-Executive Director. Details of Committee are given in page 174.

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	D.3.2	<p>The Audit Committee should have a written Terms of Reference, dealing clearly with its authority and duties. The Audit Committee's written Terms of Reference must address:</p> <ul style="list-style-type: none"> • The Committee's purpose- which, at minimum, must be to: <ul style="list-style-type: none"> ▲ Assist Board oversight of the: <ul style="list-style-type: none"> ▶ preparation, presentation and adequacy of disclosures in the financial statements, in accordance with the Sri Lanka Accounting Standards; ▶ compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements; ▶ compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements; ▶ process to ensure that the Company's internal controls and risk management procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards; ▲ Assessing the : <ul style="list-style-type: none"> ▶ company's ability to continue as a going concern in the foreseeable future;; ▶ performance of the Company's internal audit function; ▶ process to identify, monitor and manage significant business/ financial risk and ▶ independence and performance of the company's external audit. • The duties and responsibilities of the Audit Committee-should at a minimum include those set out below: <ul style="list-style-type: none"> ▲ make recommendations to the Board, pertaining to appointment, re-appointment and removal of external Auditors and to approve the remuneration and terms of engagement of the external Auditors; ▲ Develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; 	Partially Complied

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
		<ul style="list-style-type: none"> ▲ Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Sri Lankan professional and regulatory requirements; ▲ Discuss the audit plan, key audit issues, their resolution and management responses; ▲ Review the Company's annual audited financial statements and quarterly financial statements with management and the Auditor to ensure compliance with the Sri Lanka Accounting Standards and other relevant laws and regulations; ▲ Ensure that the company adopts accounting policies and practices that are in compliance with Sri Lanka accounting standards and that any changes are reviewed ▲ Review significant financial reporting judgments ; ▲ Assess the Company's ability to continue as a going concern in the foreseeable future; ▲ Ensure that regulatory compliance reports are obtained from management and reviewed; ▲ Review the company's earnings press releases and financial information and earnings guidance provided to analysts and rating agencies; ▲ Discuss policies and practices with respect to risk assessment and risk management; ▲ Review the company's internal financials controls and unless expressly addressed by a separate board risk committee composed of Independent Directors, or by the board itself, to review the company's internal control and risk management systems: ▲ Ensure that a process of sound system of internal control is in place; ▲ Ensure that a periodic review of the Board's risk management, internal controls, business continuity, planning and information security systems are carried out and appropriate remedial action recommended to the board; ▲ Ensure that an effective internal audit function is in place and monitor and review the internal audit activities; ▲ Meet separately and periodically with management, the auditors and internal auditors; 	

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
		<ul style="list-style-type: none"> ▲ Ensure that there is a mechanism for the confidential receipt, retention and treatment of complaints alleging fraud, received from internal/external sources and pertaining to accounting, internal control or other such matters; ▲ Assure confidentiality to whistle-blowing employees; ▲ Set clear hiring policies for employees or former employees of the Auditors; and ▲ Report regularly to the Board of Directors. 	
Disclosures	D.3.3	<p>A separate section of the annual report should describe the work of the committee in discharging its responsibilities. The report should include:</p> <ul style="list-style-type: none"> • The names of Directors (persons in the Parent Company's Committee in the case of a Group Company) comprising the Audit Committee; • The number of meetings held and attendance of each director; • The scope of work and how its roles and responsibilities were discharged; • The significant issues that the committee considered in relation to the financial statements, and how these issues were addressed; • An explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length; <p>If the external auditor provides non-audit services, an explanation of how auditor objectivity and independence are safeguarded; and</p> <p>The Committee should also determine the independence of the Auditors and should disclose the basis of such determination in the Annual Report.</p> <p>The Annual Report should contain a Report by the Audit Committee, setting out the manner of compliance by the Company, in relation to the above, during the period to which the Annual Report relates.</p>	<p>Complied</p> <p>Names of the members of the Audit Committee are given on page 174 under the section on the 'Composition of the Committee' and disclosure on the independence of the Auditors is found on page 199 under the 'Auditors' in the 'Annual Report of the Board of Directors on the Affairs of the Company'.</p>
D.4. Risk Committee	Principle of Code D.4	The Board should establish a procedure for risk management including how they determine, risk culture, risk appetite, risk identification and classification, rating and management of risk.	Complied
	D.4.1	The Board should establish a Risk committee which should comprise of a minimum three members, a majority of whom should be Non-Executive Directors and be chaired by an Independent Non-Executive Director. The Chief Executive Officer and Chief Financial Officer should be required to attend all meetings of the Risk committee. The Chief Information Officer and Head of Strategic Business units should be invited to attend as necessary.	<p>Complied</p> <p>Two members of the Board IRM Committee are Non-Executive Directors and one member is a Chief Executive Officer. The Chairman of the committee is an Independent Non-Executive Director. Details of Committee are given in page 177.</p>

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	D.4.2	<p>The Risk committee should have written Terms of Reference dealing clearly with its authority and duties. The Terms of Reference must address at a minimum how it will assist the Board's oversight of:</p> <ul style="list-style-type: none"> Defining, articulating and communicating the Risk culture of the entity, Determining the Risk appetite of the entity, Ensuring that a Risk Management framework, processes, practices, key risk indicators (KRI) and responsibilities are clearly defined and monitored, Reviewing the Risk Management outcomes, impacts, implications and mitigation actions on a regular basis, Receiving and reviewing reports from management on new and emerging risks, sources of risk and control and mitigation measures, Overseeing the entity's insurance programme and ensure that it is sufficient and robust, Ensuring that the entity has installed effective information system security measures and backup procedures, and these are tested periodically, Ensuring that there is a process to monitor ESG risks, Ensuring that the entity has a robust disaster recovery plan which is tested periodically, Providing regular reports to the Board of Directors, and Reviewing at least annually, the risk management framework, processes and practices and responsibilities. 	Partially Complied
		The risk within the specific scope of other committees such as audit committee, remuneration committee and nomination committee will be reported directly to the Board by those committees.	
	D.4.3	The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. The chief risk officer shall be the secretary of the committee. If the company does not have a designated chief risk officer, Chief Executive Officer shall nominate a senior executive to serve as the secretary to the committee.	Complied
	D.4.4	The committee should have authority to seek external professional advice if required in connection with the performance of its duties.	Complied
	D.4.5	The Annual Report should contain a report of the Risk Committee, setting out its role and how it discharged its responsibilities.	Complied Please refer page 177.

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
D.5 Related Party Transactions Review Committee	Principle of Code D.5	The Board should establish a procedure to ensure that the company does not engage in transactions with 'related parties' in a manner that would grant such parties 'more favourable treatment' than that accorded to third parties in the normal course of business.	Complied
	D.5.1	A related party and related party transactions will be as defined in LKAS 24 and reproduced under section D.1.8 of this code.	Complied
	D.5.2	The Board should establish a Related Party Transactions (RPT) review committee consisting exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be independent. Executive Directors may attend by invitation. The Chairman should be an Independent Non-Executive Director appointed by the board. RPT Review Committee shall meet at least once a calendar quarter.	Complied All members of the RPT review Committee are Independent Non-Executive Directors. The Chairman of the committee is an Independent Non-Executive Director. Details of Committee are given in page 180.
	D.5.3	RPT review committee should have written Terms of Reference dealing clearly with its authority and duties which should be approved by the Board of Directors. The RPT review committee's written Terms of Reference must address: <ul style="list-style-type: none"> • A procedure for documenting related parties and related party transactions in accordance with the definitions in LKAS 24 and the CSE listing rules. • A procedure to obtain a statement from each related party: <ul style="list-style-type: none"> ▲ If such party is a person; details of their close family members and entities in which the aforementioned parties have control, joint control, significant influence or serve as a key management personnel and, transactions if any, in accordance with the listing rules of Colombo Stock Exchange. ▲ If such party is an entity as defined in LKAS 24 as a related party details of transactions and balances with such party / parties. <p>A declaration of related parties and related party transactions should be obtained at least once in each quarter, and when there is a change in circumstances from each Key Management Personnel, and in respect of related parties which are entities, from their Chief Executive Officer.</p> <p>In any event prior to entering into any transaction between such related parties and the company, its parent or any of subsidiaries, sub-subsidiaries, fellow subsidiaries, associates, joint ventures and any other entities which are considered related parties as defined in LKAS 24, a specific disclosure should be made and reviewed by the RPT review committee and/or the Board of Directors as relevant, unless they are exempted related party transactions as defined in CSE listing rules.</p>	Partially Complied

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
		<p>Personnel of the company responsible for contracting, procurement, payments, and any other channel through which an inflow or outflow of resources can result, should have a list of all related parties and have a process in place to capture and report any related party transaction within their area of responsibility.</p> <ul style="list-style-type: none"> • A procedure to inform all related parties of what constitutes exempted related party transactions. • A procedure to identify and for directors and other key management personnel to report recurrent and non-recurrent transactions and to obtain Board or Shareholder approval by special or ordinary resolution as required by the CSE listing rules. • A policy and procedure to delegate dealing with recurrent related party transactions (as defined in the CSE listing rules) to relevant management personnel. • A procedure for the RPT review committee to review and recommend to the Board matters relating to such transactions. • Any interested Directors should not participate at the meeting at which the transaction relating to him/her is discussed unless invited to seek clarification/information. • A procedure and definition of disclosures required to be made by the company on an annual basis, those requiring immediate disclosure and those requiring shareholder approval. • A procedure to identify related party transactions which require immediate disclosure as per the CSE listing rules and to ensure that required disclosures are made by the company to the CSE in accordance with CSE listing rules. • A procedure to identify related party transactions which require shareholder approval by special resolution at an extra-ordinary general meeting. <p>The company secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals and minutes.</p> <ul style="list-style-type: none"> • Review and recommend to the Board the related party disclosures to be made in the Annual Report of the company. 	
D.6 Code of Business Conduct & Ethics	Principle of Code D.6	Companies must adopt a Code of Business conduct & ethics for Directors, Key Management Personnel and all other employees including but not limited to dealing with shares of the company; compliance with listing rules; bribery and corruption; and confidentiality, encouraging that any illegal, fraudulent and unethical behaviour be promptly reported to those charged with governance. The company must disclose waivers of the code for Directors, if any.	Complied

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	D.6.1	<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 complied 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 gifts; • accurate accounting and record keeping; • fair and transparent procurement practices; • corporate opportunities; • confidentiality; • fair dealing; • protection and proper use of Company assets including information assets; • sexual harassment, discrimination and abuse; • compliance with laws, rules and regulations (including insider trading laws); and • encouraging the reporting of any illegal or unethical behaviour. 	<p>Complied</p> <p>Please refer page 88.</p>
	D.6.2	The company should have a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	Complied
	D.6.3	The company should establish a policy, process for monitoring and disclosure of shares purchased by any director, Key Management Personnel or any other employee involved in financial reporting.	Complied
	D.6.4	The company should establish a procedure to deal with complaints received from whistle-blowers such as employees, customers, suppliers and any other parties in relation to non-compliance with company's code of business conduct and ethics.	Complied
	D.6.5	The company should conduct training on the code of business conduct and ethics as part of induction training of new employees and require confirmation of compliance at least on annual basis from all employees.	Partially Complied

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	D.6.6	The process for companywide dissemination of the policy, training arrangements, violations/non-compliances (if any) with actions taken should be reported to the Board on a regular basis. Any exemptions / waivers from compliance with the code of business conduct and ethics with reasons and timelines should be approved by the Board.	Complied
	D.6.7	The chairman must affirm in the Company's Annual Report that, code of conduct and ethics has been introduced companywide and the procedure for disseminating, monitoring and compliance with that code. Chairman must also disclose significant violations if any of the provisions of the code of business conduct & ethics. Disclosures should contain the types and numbers of violation and procedures followed in dealing with them.	Complied
D.7 Corporate Governance Disclosures	Principle of Code D.7	Directors should disclose the extent to which the Company adheres to established principles and practices of good Corporate Governance.	Complied
	D.7.1	The Directors should include in the Company's Annual Report, a Corporate Governance Report setting out the manner and extent to which the Company has complied with the principles and provisions of this Code.	Complied This Report from pages 128 to 165 sets out the manner and extent to which the Company has complied with the principles and Provisions of the Code.
Section II: Shareholders E. Institutional Investors E.1 Shareholder Voting	Principle of Code E.1	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.	Complied
	E.1.1	A listed Company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives. Arising from such dialogue, the Chairman should ensure the views of shareholders are communicated to the Board as a whole.	Complied All shareholders are given adequate time to engage the Board at the AGM and as per the communications policy any shareholder could communicate to the Board through the Company Secretary.
E.2 Evaluation of Governance Disclosures	Principle of Code E.2	When evaluating Companies' governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	Complied The Institutional Investors are at liberty to give due weight to matters relating to the Board structure and composition, when they consider resolutions relating to Board structure and composition.
F. Other Investors F.1. Investing /Divesting Decision	Principle of Code F.1	Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	Complied All individual investors are invited to the Annual general meeting regardless of the investment size and they are entitled with voting rights.

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
F.2. Shareholder Voting	Principle of Code F.2	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	<p>Complied</p> <p>Individual shareholders are encouraged to participate in General Meetings of the Company and exercise their voting rights.</p>
Section III: Other Matters G. Internet of things and Cybersecurity	Principle of Code G.1	<p>The Board should have a process to identify how in the organisation's business model, IT devices within and outside the organisation can connect to the organisation's network to send and receive information and the consequent cybersecurity risks that may affect the business.</p> <p>Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the company's network to send and receive data. Such access could be authorized or unauthorized.</p>	<p>Complied</p> <p>A process is in place 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. This process is handled by IT division of the immediate parent company.</p> <p>Board gets updates through internal and external audits regarding adequacy of controls in place to mitigate cyber risks, and on possible cyber risks that the Company is exposed to.</p> <p>The Company has an Information Security Management Framework in place. The Cyber Security risks are also covered in the document.</p>
	Principle of Code G.2	<p>The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a cybersecurity risk management policy which should be approved by the Board.</p> <p>The policy should include a robust cyber security risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting process, scope and regularity of an information communication technology (ICT) audit, and the need for cyber security insurance.</p>	<p>Partially Complied</p> <p>AGM-IT functions as the Information Security Officer</p> <p>The Company has developed an Information Security Management Framework.</p>
	Principle of Code G.3	<p>The Board should allocate regular and adequate time on the board meeting agenda for discussions about cyber-risk management.</p> <p>The matters taken up for the discussion on the Board meeting agenda may include;</p> <ul style="list-style-type: none"> • 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 reports • Findings and recommendations from independent reviewers 	<p>Partially Complied.</p> <p>A group wide audit on Information system Security was conducted during the year. A cyber security expert is available to get necessary advice when required. An awareness session on Cyber Security was conducted to the Board of Directors and Senior Management of the company during the financial year.</p>

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	Principle of Code G.4	<p>The Board should ensure the effectiveness of the cybersecurity risk management through independent periodic review and assurance.</p> <p>The scope and the frequency of the independent periodic reviews could be determined based on the industry vulnerability, company's business model and incident findings.</p>	<p>Complied</p> <p>Security assessments have been carried out and in the process of taking corrective actions.</p>
	Principle of Code G.5	<p>The Board should disclose in the annual report, the process to identify and manage cyber security risks.</p>	<p>Complied</p> <p>A group wide Information Systems Security Audit was carried out by an external party. In addition, IT Security and general controls are reviewed by Internal Auditors. Please refer page 89.</p>
H Sustainability: ESG Risk and Opportunities	Principle of Code H.1	<p>The Board should consider sustainability/ESG risk opportunities in the company's business model, operations, short- and medium-term planning in its long-term strategy to ensure that the company remains resilient and able to deliver durable and sustainable value over the short, medium and long term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders.</p>	<p>Complied</p> <p>The company has integrated sustainability/ESG risk opportunities into its business model and strategy.</p>
	H.1.1	<p>The company should include the impact of sustainability/ESG risks and opportunities in its business plans, strategic plans and present to the Board for consideration on a regular basis. This could be in the form of scenarios, probability of occurrence, likely impact, mitigative actions and monitoring and management.</p>	<p>Partially Complied.</p> <p>The company presents relevant information to the Board for consideration on a regular basis.</p> <p>However, there is room for improvement in fully integrating sustainability/ESG risks and opportunities into business and strategic plans, as well as the regular presentation of this information to the Board.</p>
	Principle of Code H.2	<p>The Board and Key Management Personnel should continuously engage with and consider the views of its stakeholders to better understand and manage the company's sustainability/ESG risk and opportunities, as stakeholder expectations are heightening across various sustainability/ESG issues relating to the protection of environment and other ESG issues. Many institutional investors consider these factors in their investment decision making.</p>	<p>Complied</p> <p>The company engages regularly with its stakeholders to understand and manage sustainability/ESG risks and opportunities effectively.</p>
	H.2.1	<p>The company should have a process to recognise significant stakeholders and material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence.</p>	<p>Complied</p> <p>Company actively engages with stakeholders across all levels to gather insights on sustainability/ESG risks and opportunities. The company uses feedback mechanisms to understand stakeholder expectations and preferences. This engagement informs company policies and strategies to manage ESG risks and opportunities effectively.</p>

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	Principle of Code H.3	The company should establish a governance framework and structure which includes conformance, performance and sustainability/ESG factors.	Complied Company has a well-defined governance framework that includes performance metrics and conformance with sustainability and ESG factors. This structure encompasses various policies and practices to address these factors, ensuring alignment with best practices and regulations.
	H.3.1	Sustainability factors should be addressed through a process of environmental governance and social governance.	Complied The company addresses sustainability factors through comprehensive environmental and social governance processes. These include regular assessments of environmental impact, community engagement programs, and employee wellness initiatives. These efforts aim to manage and minimize the company's environmental footprint while enhancing social well-being.
	H.3.1.1	Environmental governance of an organisation should adopt an integrated approach that takes into consideration the direct and indirect economic, social, health, and health and environmental implications on business strategies, plans, decisions and operations. The company policy and practices on matters such as followings should be considered: <ul style="list-style-type: none"> • Health and safety, • Climate change, • pollution prevention, • effluent treatment, • sustainable resource use, • restoration of natural resources, • renewable energy, and • bio diversity, 	Complied The environmental related strategies of the company were formulated under the Company ESG Framework. The Aims and these Policies are described under the Natural Capital section of the Annual report. Sustainability principles related to environmental factors are embedded in the operations of the Company and initiatives were implemented to ensure adherence to environmental governance by the Company. Initiatives are disclosed under the Sustainability section of the Annual Report.

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	H.3.1.2	<p>Social governance of an organisation should include an integrated approach to engage separately with representative groups of the community, customers, employees, suppliers, outsourced providers and any other party that can influence or be influenced by the organisation's business model in relation to aspects material to its sustainable growth.</p> <p>The organisation should include an integrated approach to build a relationship with the community for sustainable development including a process for responsive community engagement, fair competition and business practices, thereby demonstrating corporate social responsibility.</p> <p>The organisation should adopt an integrated approach to building a relationship with customers. This includes establishing a process for customer feedback through engagement, efficient service delivery, standards for product responsibility and product recall and other matters material and relevant to the organisation's business model and customer experience.</p>	<p>Complied</p> <p>Sustainability principles related to social factors are embedded in the operations of the Company and initiatives were implemented to ensure adherence to social governance by the Company. The social governance policies of the Company were formulated under the Company ESG Framework and are disclosed under the Social Pillar. The social related initiatives that were carried out are described under the Sustainability section of the Annual Report.</p>
		<p>The labour practice related governance of an organisation should encompass all policies and practices in relation to work performed by or on behalf of the organisation in accordance with its business model and should also include policies and practices such as health and safety, equal opportunity, gender balance, career development and training, reward and recognition, conditions of work, work-life balance and industrial relations.</p> <p>The organisation should have policies and procedures to ensure that suppliers and outsourced providers comply with social governance norms of the company.</p>	
	Principle of Code H.4	The Board should establish a governance structure to support sustainability/ ESG factors including its ability to create value and manage risks in the short, medium and long term, recognizing, managing and measuring on all pertinent aspects of sustainability using financial and non-financial measures.	<p>Complied</p> <p>Process of managing risks in line with ESG aspects is discussed in the Risk management report.</p>
	H.4.1	The company should recognise the key resources/capitals deployed in its business and stakeholders who can influence these resources / capitals and establish financial and non-financial measures for resource/capital management and related outputs and outcomes.	<p>Complied</p> <p>The company identifies key resources and stakeholders affecting its operations and business. Financial and non-financial measures are established for managing these resources and evaluating outcomes, such as performance metrics, efficiency indicators.</p>
	H.4.2	The company should have a process to ascertain, assess and manage sustainability/ESG factors which have an impact on the sustainability of the company.	<p>Complied</p> <p>The company has a formal process to identify, assess, and manage sustainability/ ESG factors affecting its business. This includes risk assessments, scenario planning, and regular reviews of sustainability performance.</p>

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	H.4.3	The company should establish financial and non-financial measures in respect of all material matters relating to significant stakeholders including as determined in H.2.1 and environmental and social factors stated in H.3.1.1 and H.3.1.2.	<p>Complied</p> <p>The company uses a range of financial and non-financial measures to track performance and outcomes related to significant stakeholders, environmental, and social factors. This includes key performance indicators (KPIs), and stakeholder engagement metrics.</p>
	Principle of Code H.5	Environmental, social and governance considerations can affect a company's ability to execute its business strategy and create value. While many of these factors are 'non-financial', their management and likely impact have financial consequences. Hence, they are important factors to be built into a company's business model, strategy, governance and risk management framework. Sustainability/ESG factors relevant to the company could impact the following:	<p>Complied</p> <p>The company integrates these factors into its business model, strategy, governance, and risk management framework. The following details how ESG factors are impacting various aspects of the company's operations:</p>
		<ul style="list-style-type: none"> Access to financial capital 	<p>ESG Integration: By demonstrating strong ESG practices, the company is appealing to socially responsible investors and lenders. This can provide easier access to capital markets and financing options.</p> <p>Outcomes: The company's commitment to sustainability and responsible practices may lead to more favorable borrowing terms and conditions, as well as attracting new investment.</p>
		<ul style="list-style-type: none"> Cost Savings and Productivity: 	<p>ESG Integration: Through energy-efficient operations and waste reduction strategies, the company is achieving cost savings. Additionally, sustainability measures often lead to process improvements and operational efficiencies.</p> <p>Outcomes: These practices have resulted in improved productivity and reduced operational costs, contributing positively to the company's bottom line.</p>
		<ul style="list-style-type: none"> Brand Value and Reputation: 	<p>ESG Integration: The company's commitment to environmental stewardship, social responsibility, and strong governance enhances its brand value and reputation.</p> <p>Outcomes: A strong ESG reputation builds customer loyalty, attracts new clients, and can result in premium pricing for products and services.</p>

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Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
		<ul style="list-style-type: none"> Employee Recruitment: 	<p>ESG Integration: Emphasizing sustainability and social responsibility attracts job seekers who value these principles, helping the company to recruit talented individuals.</p> <p>Outcomes: The company can leverage its ESG reputation as a competitive advantage in the labour market.</p>
		<ul style="list-style-type: none"> Employee Retention: 	<p>ESG Integration: By fostering an inclusive, equitable, and sustainable workplace, the company enhances employee satisfaction and loyalty.</p> <p>Outcomes: This leads to lower turnover rates and the retention of skilled employees, which in turn maintains organisational continuity and stability.</p>
		<ul style="list-style-type: none"> Access to Markets: 	<p>ESG Integration: The company's commitment to ESG factors can open up new markets where customers prioritise sustainability and ethical practices.</p> <p>Outcomes: This allows the company to expand its customer base and market share in regions and sectors where ESG practices are highly valued.</p>
		<ul style="list-style-type: none"> License to Operate: 	<p>ESG Integration: Strong ESG practices support the company's compliance with regulatory requirements and community standards, ensuring continued approval to operate.</p> <p>Outcomes: This helps avoid legal and reputational risks, as well as disruptions to business operations.</p>
		<ul style="list-style-type: none"> Market Capitalization: 	<p>ESG Integration: A commitment to ESG factors can lead to an increase in market capitalization by attracting investors and improving financial performance.</p> <p>Outcomes: This can enhance the company's valuation and share price over time.</p>

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
			In conclusion, Singer Finance (Lanka) PLC has successfully integrated ESG factors into its business operations and strategies, which has had a positive impact on various aspects of the business such as financial capital, cost savings, brand reputation, employee management, market access, operational permissions, and overall market capitalization. This holistic approach to ESG ensures sustainable growth and long-term value creation for the company and its stakeholders.
	H.5.2	<p>Companies should provide information in relation to:</p> <ul style="list-style-type: none"> The relevance of environmental, social and governance factors to their business models and strategy. How sustainability/ESG related issues may affect their business, e.g. through legislation, reputational damage, employee turnover, license to operate, legal action, stakeholder relationships, and how these impacts may affect business, strategy, and financial and operational performance. How risks and opportunities pertaining to sustainability/ ESG are recognised, managed, measured and reported. 	<p>Complied</p> <p>The company provides detailed information on the relevance of environmental, social, and governance factors to its business models and strategy in the Annual Report. It addresses how sustainability/ESG issues affect business, including regulatory, reputational, and operational impacts. Risks and opportunities related to sustainability/ ESG are effectively recognised, managed, and reported.</p>
	H.5.3	The disclosures should deal with how the company has complied with the mandatory and voluntary codes of corporate governance and how its leadership structure, organisational culture, code of conduct and business model supports sustainability of the company in the short, medium and long term.	<p>Complied</p> <p>The company's disclosures outline compliance with mandatory and voluntary governance codes. They also detail how the leadership structure, culture, code of conduct, and business model support sustainability.</p>
	H.5.4	<p>Sustainability/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 impacts.</p> <p>Sustainability/ESG reporting and disclosure should be formalized as part of the Company's reporting process and take place on a regular basis.</p> <p>Such reporting should link sustainable/ESG issues more closely with strategy.</p> <p>Sustainability/ESG reporting may be built on a number of different guidelines, such as:</p> <ul style="list-style-type: none"> Integrated Reporting Framework The Global Reporting Initiative Guidelines 	<p>Complied</p> <p>ESG reporting and disclosure is done as part of the Company's reporting process based on Integrated Reporting Framework and The Global Reporting Initiative Guidelines.</p>

CORPORATE GOVERNANCE

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
I Special Considerations for Listed Entities I.1 Establishment and Maintenance of Policies	Principle of Code I.1	Listed entities shall establish and maintain policies relating to its governance and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the entity on its website.	Partially Complied
	I.1.1	<p>Policies relating to following areas are essential:</p> <ul style="list-style-type: none"> a) matters relating to the Board of Directors, b) board Committees, c) corporate Governance, nominations, and re-election, d) remuneration, e) internal code of business conduct and ethics for all directors and employees, including policies on trading the entity's listed securities, f) risk management and internal controls, g) relations with shareholders and investors, h) environmental, social and governance sustainability, i) control and management of company assets and shareholder investments, j) corporate disclosures, k) whistleblowing, l) anti-bribery and corruption 	Partially Complied
	I.1.2	Any waivers from compliance with the internal code of business conduct and ethics or exemptions granted by the listed entity shall be fully disclosed in the Annual Report.	Not Applicable
	I.1.3	<p>Listed entities shall disclose in its Annual report:</p> <ul style="list-style-type: none"> (i) the list of policies that are in place with reference to its website, and (ii) details pertaining to any changes to policies adopted by them. 	Partially Complied Please refer page 65.
	I.1.4	Listed entities shall make available all such policies to shareholders upon a written request being made for any such policy.	Complied
I.2 Policy on Matters Relating to the Board of Directors	Principle of Code I.2	Listed entities shall establish and maintain a formal policy governing matters relating to the Board of Directors.	Complied

Corporate Governance Principle	Reference to CASL Code	Requirement of the Code	Status of Compliance
	1.2.1	<p>Policy governing matters relating to Board of Directors shall:</p> <ul style="list-style-type: none"> (a) recognise the need for a balance of representation between Executive and Non-Executive Directors and cover at minimum Board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position, Board balance and procedures for the appraisal of Board performance and the appraisal of CEO. (b) Where a listed entity decides to combine the role of the Chairperson and CEO, <ul style="list-style-type: none"> (i) Set out the rationale for combining such positions; and (ii) Require the board charter of the listed entity to contain Terms of Reference/functions of the Senior Independent Director and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest. (iii) Set out the measures implemented to safeguard the interests of the SID. (c) Require diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of Directors. (d) Stipulate the maximum number of Directors with the rationale for the same. (e) Specify the frequency of Board Meetings, having regard to the requirements under the listing rules. (f) Provide mechanisms for ensuring that Directors are kept abreast of the listing rules and on-going compliance and/or non-compliance by the listed entity with obligations arising under such rules. (g) Specify the minimum number of meetings, in numbers and percentage, that a Director must attend, in order to ensure consistent attendance at Board Meetings and to avoid being deemed to vacate such position. (h) Provide requirements relating to trading in securities of the listed entity and its listed group companies and disclosure of such requirements. (i) Specify the maximum number of directorships in listed entities that may be held by directors. (j) Recognize the right to participate at meetings of the Board and Board committees by audio visual means and for such participation to be taken into account when deciding on the quorum. <p>Listed entities shall confirm compliance with the requirements of the policy referred to above in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.</p>	Partially Complied

RISK MANAGEMENT

As a finance company, Singer Finance (Lanka) PLC is exposed to a variety of risks that could impact the business. These risks include, but are not limited to, political, economic, technological, social, and legal. With a strong risk management framework, the right systems, processes, and risk aware people in place, it is our belief that it is possible to encounter and mitigate these risks to achieve our strategic objectives, as any commercial venture will inherently be challenged with risks and presented with opportunities, in the normal course of conducting business.

Global Risk Landscape

According to the Global Risk Report 2023, in addition to the 'old' risks such as increased inflation, cost-of-living crises, trade wars, capital outflows from emerging markets, geopolitical tensions, and civil unrest, the world has encountered, which are being amplified by new developments in unsustainable debt levels, low global growth and investment, as well as climate change and the biodiversity concerns which threaten the preservation of the planet.

As such the risk landscape in 2023 was shaped by a confluence of factors that demand a robust and dynamic approach to risk management. As we navigate a terrain marked by rapid technological advancements, geopolitical tensions, and the lingering effects of global events. Cyber-Security emerges as a pivotal concern, with the need for resilience against a backdrop of evolving threats becoming paramount. The World Economic Forum's Global Risks Report 2023 underscores the urgency for businesses to bolster their defenses against cyber risks and to adopt a forward-thinking posture that prioritises green energy, climate and nature investments, and employee well-being.

Sri Lanka's Risk Landscape

This can be measured by applying the PETSEL analysis for the year under review.

P POLITICAL	In 2023, Sri Lanka faced PESTEL significant turmoil and change in its political landscape, post a catastrophic economic collapse in 2022. Widespread protests erupted due to economic hardship and governance issues, compounded by an economic crisis that required international assistance. Throughout this challenging period, Sri Lanka's democracy was put to the test as the nation sought transformation and stability.
E ECONOMIC	Sri Lanka's economy faced significant challenges. During the first half of the year, the economy contracted by 7.9%. Sectors such as construction, manufacturing, and financial services were particularly affected due to credit shortages and supply chain disruptions. However, there were positive developments later in the year. Inflation sharply decreased to 4% in August, down from a peak of 69.8% in the previous year. The Central Bank also cut policy rates to stimulate growth. Additionally, import restrictions and reduced import demand contributed to a contraction of the trade deficit by US\$1 billion. On a brighter note, remittance flows and tourism earnings improved, leading to an accumulation of foreign reserves.
S SOCIAL	Sri Lanka experienced significant digital growth and economic challenges. The number of internet users increased to 14.58 million, with a penetration rate of 66.7%, indicating a more connected society and an informed populace. However, the high cost of living pushed many households below the poverty line. Enhanced connectivity had both positive and negative effects, enabling speedy transmission of news—whether fake or authentic—which occasionally led to societal unrest.
T TECHNOLOGICAL	The technological landscape witnessed significant growth. Notably, social media users increased to 7.20 million, reflecting the deep integration of digital communication within society. Additionally, Sri Lanka's commitment to enhancing digital infrastructure was evident through 36.18 million active cellular mobile connections, surpassing the total population and indicating robust mobile network coverage. This progress underscores Sri Lanka's dedication to fostering a digitally empowered nation.
E ENVIRONMENTAL	Environmental landscape witnessed significant sustainability efforts. The country's commitment to environmental stewardship stood out through the widespread adoption of sustainability reporting standards among Sri Lankan organisations, as recognised by the Global Reporting Initiative. Additionally, the Ministry of Environment's dedication to managing natural resources and protecting biodiversity earned them the UN Decade of Restoration Flagship Award, reflecting progress in rebuilding vital mangrove ecosystems. These achievements underscore Sri Lanka's ongoing commitment to balancing economic development with environmental conservation.
L LEGAL	The legal landscape of Sri Lanka in 2023 has been marked by significant events and changes. The indefinite postponement of local government elections and concerns over human rights and freedom of expression, continue to plague the legal echelons.

To identify, mitigate, monitor, and report the risks emanating from our business environment, we have put in place a firm structure at governance level with the risk awareness culture being inculcated across our businesses for good measure.

Risk Governance Structure

1st Line of Defense

Management and Internal Controls

2nd Line of Defense

Management and Internal Controls

3rd Line of Defense

Management and Internal Controls

As the apex body, the Board of Directors plays a pivotal role in setting the tone and providing oversight for the risk management function within the Company. This responsibility is carried out through the establishment and guidance of the Integrated Risk Management Committee (IRMC) and the dedicated risk department.



Risk Universe						
Market Risk	Credit Risk	Liquidity Risk	Operational Risk	IT Risk	Compliance Risk	Strategic Risk
Risk Strategy and Appetite						
Board of Directors						
Board Sub Committees						
Integrated Risk Management Committee(IRMC)		Audit Committee		Credit Committee		
<p>The risk management framework plays a crucial role in supporting the Board's effective risk management. It encompasses essential elements that aid in fulfilling this responsibility.</p> <p>One of its critical elements is facilitating board engagement. This aspect actively involves the Board in risk management processes and initiatives. By providing comprehensive information and insights, the framework enables the Board to make informed decisions regarding risk-related matters.</p> <p>Secondly, it determines the Company's risk appetite. Through thoughtful analysis and consideration, it establishes the level of risk the Company is willing to accept in its pursuit of strategic objectives. This ensures a clear understanding of the Company's risk tolerance and guides decision-making accordingly.</p> <p>Continuously monitors and manages key risks and establishes robust mechanisms for identifying, assessing, and prioritizing risks based on their potential impact and likelihood. Regular monitoring allows for timely mitigation actions and adjustments to risk management strategies as needed.</p> <p>Finally it facilitates period reviews as to the robustness of the controls, to the senior management.</p>		<p>Furthermore, the risk management framework incorporates an independent perspective. This perspective ensures a comprehensive assessment of company-wide risks, serving as an integral part of the third line of defense against all risks. It enhances the overall risk governance structure of the organisation.</p> <p>The framework also evaluates the adequacy of internal controls, identifying gaps or weaknesses and proposing remedial measures. It diligently examines compliance with internal policies and external regulations, reducing the potential for compliance breaches.</p> <p>Moreover, the framework extends its scope to review compliance with statutory requirements and corporate governance principles. By fostering a culture of good governance and integrity, it strengthens risk mitigation efforts and promotes a robust compliance culture across all organisational levels.</p>		<p>The role involves overseeing the establishment of systems to measure and control credit risk. It includes periodic reviews of management strategies, policies, and procedures related to credit risk management.</p> <p>Additionally, the role entails reviewing transactions with high credit risks, monitoring material value, and assessing overdue accounts.</p> <p>Evaluating the overall credit risk associated with the company's lending portfolio is also a part of this responsibility.</p> <p>The Committee oversees the establishment of robust systems to measure and control credit risk. It also conducts periodic reviews of management strategies, policies, and procedures related to credit risk management, ensuring their effectiveness and alignment with the organisation's objectives.</p> <p>Additionally, the framework closely examines transactions with significant credit risks. It monitors the material value and status of overdue accounts, providing a comprehensive assessment of credit risk exposure. By closely monitoring these transactions, the framework enables timely identification of potential risks and facilitates appropriate mitigation measures.</p> <p>Evaluation of credit policy and portfolio risk to stay relevant and effective in managing credit within the stipulated limitations.</p>		
Asset and Liability Committee (ALCO)		Anti-Money Laundering and CFT Committee				
Oversees and manages the liquidity position		Ensures compliance with AML regulations and portfolio management				

RISK MANAGEMENT

Risk Policies

The Company's risk-related policies serve as foundational pillars in shaping its risk appetite and steering its course amidst external volatility. These meticulously crafted policies establish a framework for effectively managing diverse risks, encompassing market, credit, operational, and financial realms. They delineate clear risk tolerance thresholds, prescribe stringent control measures, and allocate distinct roles and responsibilities to stakeholders.

Through steadfast adherence to these policies and judicious decision-making, the Company adeptly navigates through the complexities of today's turbulent financial landscape. Implementing these policies underscores a proactive and disciplined approach to risk management, fostering an environment conducive to informed choices, optimal resource utilization, and swift responses to external exigencies.

In the face of heightened market unpredictability, the Company's unwavering commitment to these policies serves as a bedrock of stability, resilience, and progress. By embracing prudent risk management practices, the Company not only safeguards its interests but also paves the way for sustained success amidst challenging times.

Risk Management Process

The Integrated Risk Management Committee (IRMC), comprising esteemed Board members and senior management, convenes regularly to conduct comprehensive evaluations of all risks pertinent to the Company's operations. Serving as a strategic platform, the IRMC facilitates in-depth risk discussions, strategic decision-making, and the formulation of robust risk management policies and procedures. Anchored by a dedicated risk department, this committee ensures the seamless implementation of risk management processes throughout the organisation.

The specialized risk department assumes a pivotal role in supporting the IRMC by meticulously identifying, measuring, and monitoring risks across various facets of the Company's operations. Through the provision of ongoing reports and updates, they empower informed decision-making and ensure timely mitigation strategies are enacted.

The establishment of the IRMC and the steadfast maintenance of a dedicated risk department underscore the Board of Directors' unwavering dedication to effective risk oversight and governance. This proactive approach bolsters the Company's capacity to proactively identify, assess, and address risks, thereby safeguarding its interests and fostering long-term prosperity. Moreover, the Board diligently ensures that the risk management framework remains agile and responsive to dynamic shifts in the external environment, enabling adept navigation of emerging risks and challenges.

To further streamline the risk management process, the Board has delegated specific responsibilities to pertinent Board Sub-Committees. These Sub-Committees vigilantly monitor and evaluate distinct risk areas, furnishing regular reports to the Board on the Company's prevailing risk landscape. This structured approach ensures that the Board remains well-informed and equipped to make judicious decisions concerning risk management, thereby fortifying the Company's resilience and sustained success.

Risk Strategy

As a Licensed Finance Company (LFC), Singer Finance recognises the inherent risks within its business landscape. To proactively address and mitigate these risks, the company has adopted a meticulously structured approach to risk management, underscored by clearly defined risk appetite levels. This strategy is reinforced by strategic resource allocation and the establishment of governance committees, ensuring robust oversight and effective risk mitigation.

The development of a comprehensive risk management framework underscores the company's unwavering commitment to identifying, assessing, and mitigating risks across all facets of its operations. This framework provides a systematic and integrated approach to risk management, fostering informed decision-making and minimizing potential adverse impacts.

Singer Finance's dedication to allocating resources to risk management activities highlights the significance placed on effectively managing and controlling risks. This includes the deployment of personnel, technological and financial resources to bolster risk management initiatives, ensuring that risk management remains a central tenet of the company's operational fabric.

Moreover, the formation of governance committees further strengthens Singer Finance's risk management endeavors. Comprised of relevant stakeholders and subject matter experts, these committees play a pivotal role in overseeing and guiding risk management processes. They provide invaluable guidance, review risk-related policies, and monitor the implementation of risk mitigation measures, fostering a culture of accountability and transparency throughout the organisation.

By embedding risk management into key strategic and operational decision-making processes, Singer Finance showcases its proactive and forward-thinking approach. Through the integration of risk analysis into decision frameworks, the company enhances its overall resilience and sustainability, enabling it to seize opportunities while adeptly navigating potential challenges.

In summary, Singer Finance's structured approach to risk management, supported by strategic resource allocation, robust governance committees, and integration into decision-making processes, underscores its unwavering commitment to mitigating risks and safeguarding its interests.

Risk Appetite

Risk appetite serves as a cornerstone within the Company's robust risk management framework, delineating the level of risk deemed acceptable in the pursuit of strategic objectives. This critical parameter is meticulously defined by the Board, drawing insights from strategic business goals, the prevailing operational landscape, stakeholder expectations, and regulatory imperatives. Through a comprehensive assessment, the Board establishes risk thresholds across material risk categories, thus outlining operational boundaries that inform decision-making processes.

Central to this endeavor are collaborative dialogues between Business Heads and relevant Board Sub-Committees, ensuring a holistic and informed approach to determining tolerance limits. Within this framework, the Company maintains an unwavering commitment to compliance, setting a zero appetite for non-compliance to prioritise ethical conduct and regulatory adherence.

For other risk dimensions, the Company sets acceptable tolerance levels within the overarching risk appetite. These levels delineate the degree of risk permissible while upholding prudent risk

management practices. This calibrated approach enables the Company to undertake calculated risks aligned with strategic imperatives and risk capacity, fostering a balanced risk-taking ethos.

By establishing clear risk appetite and tolerance levels, the Company provides stakeholders with transparent guidelines and boundaries for navigating risk-taking activities. This clarity promotes consistency and transparency, underpinning the Company's commitment to sound risk management practices and sustainable growth.

Risk Culture

Cultivating a pervasive risk-aware culture within our organisation stands as a pivotal endeavor. It is essential that every echelon of the company comprehends and embraces the significance of robust risk management practices, as this fortifies our business resilience and bolsters the integrity of our risk management framework.

Fostering a culture of risk awareness is an ongoing journey, necessitating active engagement from all staff members. Recognizing this, the Company places a premium on comprehensive training and educational initiatives aimed at arming employees with the requisite knowledge and competencies to adeptly identify, mitigate, and report risks.

Over the course of the year, the Company has diligently conducted tailored training programs tailored to enhance risk identification prowess, refine mitigation strategies, and promote accurate risk reporting practices. These initiatives, complemented by regular updates on emerging risks, empower our workforce to make informed decisions and actively contribute to our collective risk management endeavors.

By championing risk awareness and delivering consistent training initiatives, the Company endeavors to foster a culture where risk management becomes second nature at every level. This empowers our employees to proactively identify, manage, and report risks, thereby underpinning our resilience and contributing to our overall success amidst the dynamic business landscape.

Stress Testing

The Company places significant emphasis on evaluating the impact of stress and hypothetical scenarios on its profitability and risk appetite,

recognizing the pivotal role this plays in maintaining financial resilience. To this end, Singer Finance conducts rigorous stress tests on selected Key Risk Indicators (KRIs) across various stress levels. Through subjecting these KRIs to diverse scenarios, we assess our capacity to weather adverse conditions in the external environment, including potential impacts on profitability and risk appetite. This analysis serves to identify vulnerabilities, measure resilience, and inform our risk management strategies.

Of notable importance is our commitment to maintaining capital levels that surpass regulatory requirements. This steadfast dedication ensures a robust capital position, serving as a safeguard against potential shocks and bolstering stability and solvency.

During our periodic stress tests, no instances necessitating capital increases were reported. This indicates that our existing capital adequacy is robust enough to withstand the stress scenarios analyzed, underscoring our prudent financial management practices and effective risk mitigation measures.

In summary, our proactive approach to risk management, which encompasses regular stress testing and adherence to regulatory capital requirements, fortifies our resilience and safeguards financial stability in anticipation of potential adverse events.

Risk Categorisation

Business Risks

Credit Risk

At Singer Finance (Lanka) PLC, we recognise credit risk as the foremost challenge inherent in our lending operations. Credit risk encompasses the potential that a borrower may default on their obligations, resulting in the loss of principal or interest associated with the loan. This risk can arise from various factors, including default, concentration, and correlation risks. Default risk pertains to the possibility of individual borrowers failing to meet their repayment obligations, while concentration risk arises from excessive exposure to a particular borrower, industry, or sector. Correlation risk, on the other hand, stems from common risk factors among different borrowers, industries, or sectors, leading to simultaneous defaults.

Impact on Financial Performance

The assessment of credit risk has significant implications for our cash flows and financial performance. We evaluate the contractual cash flows of financial assets to ensure they meet the criteria of Solely Payment of Principal and Interest (SPPI). Any deviation from these criteria could impact the timing or amount of contractual cash flows, thereby affecting our cash flows and financial results. Additionally, an increase in credit risk, such as payments being more than 90 days past due, can directly impact our financial performance by affecting the likelihood of default and the overall credit quality of our portfolio.

Effects on Financial Position

The management of credit risk also has profound effects on our financial position, particularly concerning the allowance for expected credit losses (ECL). Given the significance of loans and receivables to our financial statements, accurately estimating ECL allowances is critical. Our ECL models rely on various data and assumptions, including economic scenarios and assessments of significant increases in credit risk. The effectiveness of our systems and controls in identifying, monitoring, and addressing asset quality directly impacts our financial position. It is worth noting that Singer Finance maintains a vigilant approach to managing credit risk, resulting in non-performing asset levels significantly below industry standards.

In conclusion, credit risk remains a primary focus area for Singer Finance, requiring continuous monitoring, assessment, and management to safeguard our financial stability and ensure the sustainability of our lending operations. Through rigorous risk management practices and a proactive approach to addressing asset quality, we remain committed to mitigating the adverse effects of credit risk on our cash flows, financial performance, and overall financial position.

Market Risk

Market Risk Overview

At Singer Finance (Lanka) PLC, we recognise that market risk encompasses various factors that could impact our operations, including inflation, competitor activities, fluctuations in gold prices, and unethical business relationships. Each of these risks poses unique challenges to our business, requiring proactive mitigation strategies to safeguard our financial stability and ensure sustainable growth.

RISK MANAGEMENT

Inflation

Countrywide inflation rates can directly affect the repayment abilities of our customers, thereby impacting our collections. To mitigate this risk, we prioritise credit evaluation by giving higher weightage to factors that consider inflationary pressures. Additionally, we strengthen our recovery activities to minimize the impact of inflation on our collections.

Competitor Activities

Competitors offering lending services at lower rates can pose a threat to our margins, especially in the leasing business. To counteract this risk, we focus on high-yield products such as group sales, factoring, and gold loans. We also adjust our product mix to finance assets that generate higher yields. Furthermore, detailed discussions on competitor prices and our pricing strategies are conducted during ALCO meetings to ensure competitiveness.

Gold Loan

Fluctuations in gold prices and exchange rates can affect the value of collateral in gold loans. To mitigate this risk, our gold loan department monitors gold prices daily and adjusts down payment requirements accordingly. We also maintain a safety margin to cushion against sudden price fluctuations and exchange rate movements.

Unethical Business Relationships

Inappropriate business relationships between staff and car sale dealers can lead to financial misconduct and conflicts of interest, compromising our customer service standards. To address this risk, we enforce strict boundaries for staff members and conduct internal investigations into any violations. Maximum actions are taken to recover any losses incurred due to unethical behavior.

Impact on Financial Performance

Market risks can have significant implications for our cash flows and financial performance. Inflationary pressures may lead to higher default rates and lower collections, impacting our cash flows negatively. Competitor activities can erode our margins, affecting profitability and overall financial performance. Fluctuations in gold prices and unethical business relationships may result in asset devaluation and reputational damage, further impacting our financial performance.

Effects on Financial Position

The management of market risks also influences our financial position. Inflation and competitor activities can affect the quality of our loan portfolio and the valuation of our assets, impacting our overall financial position. Fluctuations in gold prices may necessitate adjustments to collateral requirements, affecting the composition of our balance sheet. Unethical business relationships can lead to legal liabilities and regulatory penalties, further impacting our financial position.

Liquidity Risk

Singer Finance (Lanka) PLC acknowledges the significance of liquidity risk as a critical factor in the financial industry. Liquidity risk arises from the possibility of being unable to meet financial obligations when they become due, either due to insufficient funds or the inability to liquidate assets quickly. Therefore, managing liquidity risk effectively is paramount to ensure the company's financial stability and operational continuity.

Main Concerns and Risks

The primary concern regarding liquidity risk is the potential inability to meet financial obligations, especially in challenging scenarios where external funding sources demand repayment simultaneously. This situation could lead to liquidity constraints and operational disruptions. Additionally, the company faces limitations in accessing funds from external sources, given the diverse portfolio of Hayleys Group, comprising approximately 200 companies. This diversity restricts the availability of funds from banks catering to multiple entities within the group.

Mitigation Strategies

To address liquidity risk effectively, Singer Finance (Lanka) PLC primarily focuses on retail fixed deposits, which provide a stable and reliable source of funding. Unlike institutional investors, individual customers are less likely to withdraw deposits abruptly unless triggered by industry-wide events, similar to the Golden Key crisis. Furthermore, the company emphasizes maintaining a significant portion of its liquidity in retail fixed deposits to mitigate the impact of potential withdrawals.

Conclusion

Singer Finance (Lanka) PLC remains vigilant in managing liquidity risk to ensure financial resilience and operational stability. By prioritizing retail fixed deposits as a primary funding source the company aims to mitigate the impact of liquidity constraints and uphold its commitment to financial soundness.

Operational Risk

At Singer Finance (Lanka) PLC, we are aware of the operational risks inherent in our business operations, particularly concerning IT concerns, cheque handling, security threats related to gold loans, identification of dud articles, and compliance with regulatory directives. Each of these risks poses unique challenges to our operational efficiency and requires proactive mitigation strategies to ensure smooth business operations and regulatory compliance.

Major IT Concerns Due to Remote Working

Remote working arrangements pose significant IT concerns, including the storage and access of sensitive data off-premises, potential virus attacks, and the increased likelihood of data breaches or loss. Connectivity issues may also interrupt backend operations, affecting service delivery. To mitigate these risks, we continuously educate users on best practices, encourage data backups, update antivirus software and operating systems, restrict the installation of third-party software, limit internet access to recommended sites, logically separate networks, and perform daily database backups. Additionally, we have initiated offsite backup processes to enhance data security.

Cheque Handling Concerns

The practice of clients handing over blank cheques to cashiers presents a risk of misappropriation or fraudulent activities. To mitigate this risk, cashiers are strictly instructed not to accept blank cheques, and branch managers or operations managers verify the possession of blank cheques by cashiers. This area has also been incorporated into the internal audit scope, and arrears follow-up is conducted through the call center to prevent potential fraud.

Security Threats in Gold Loans

Security threats, such as theft, related to gold loans require stringent measures to safeguard assets. Gold loan articles are stored in special secured safe rooms, and security personnel are stationed at every branch during office hours. CCTV surveillance is implemented in gold loan areas and safe rooms, and adequate insurance coverage is obtained. Additionally, dual control of safe keys enhances security measures.

Identification of Dud Articles

Identifying dud articles is crucial to maintaining asset quality. We have hired experienced and knowledgeable employees and conducted training sessions with expert support to improve dud article identification. Furthermore, dud articles are insured to mitigate potential losses.

Compliance with Regulatory Directives

Compliance with regulatory directives, such as Implementation Direction No.01 of 2020 Section 4.3.1 regarding the classification of non-performing loans (NPLs) to performing loans (PLs), is essential. Mitigation strategies include giving high weightage to credit evaluations, strengthening recovery activities, and conducting gold loan auctions frequently to settle long-due loans promptly.

Impact on Financial Performance

Operational risks can impact cash flows, financial performance, and financial position. IT concerns and security threats may disrupt operations, leading to reduced cash flows and financial performance. Compliance issues may result in regulatory penalties, further impacting financial performance. Identifying dud articles and effectively managing non-performing loans can safeguard asset quality and maintain financial stability.

Effects on Financial Position

Operational risks also influence our financial position. IT concerns and security threats may necessitate investments in additional security measures, affecting financial position. Compliance with regulatory directives ensures regulatory compliance and maintains the company's reputation, positively impacting financial position. Effective management of operational risks enhances asset quality and strengthens the company's financial position over the long term.

Compliance Risk

Singer Finance (Lanka) PLC recognises the importance of compliance with anti-money laundering and counter-financing of terrorism (AML/CFT) regulations to mitigate the risk of non-compliance and potential reputational issues. Non-compliance with AML/CFT regulations not only exposes the company to regulatory sanctions but also poses significant reputational risks. Therefore, robust mitigation measures are in place to ensure adherence to regulatory requirements and maintain the company's reputation.

Risk of Non-Compliance with AML/CFT Regulations

The risk of non-compliance with AML/CFT regulations is a significant concern for Singer Finance (Lanka) PLC, given the stringent regulatory requirements in the financial industry. Failure to comply with AML/CFT regulations can result in regulatory sanctions, financial penalties, and damage to the company's reputation. Therefore, proactive measures are essential to mitigate this risk effectively.

Mitigation Measures

To mitigate the risk of non-compliance with AML/CFT regulations, Singer Finance (Lanka) PLC has implemented the following mitigation measures:

Monitoring AML/CFT Updates: The Senior Management Compliance (SM Compliance) closely monitors updates to AML/CFT regulations to ensure timely implementation of changes and adherence to regulatory requirements.

Training Programs: Relevant training programs on AML/CFT regulations and procedures are conducted regularly for employees to enhance their awareness and understanding of compliance requirements.

Systemized Risk Profile: Singer Finance (Lanka) PLC has introduced a systemized risk profile to assess and classify customers based on their risk levels, allowing for targeted compliance measures for high-risk customers.

Periodic Review of High-Risk Customers: High-risk customers are reviewed periodically to ensure ongoing compliance with AML/CFT regulations and to mitigate the risk of potential money laundering or terrorist financing activities.

Potential Future Risks

Singer Finance (Lanka) PLC anticipates potential challenges in the borrowing landscape due to regulatory changes initiated by the Central Bank of Sri Lanka (CBSL). The recent directive imposing a Single Borrowing Limit, restricting banks from lending more than 25% of their Tier-I capital to a single customer, presents a notable constraint, particularly given the group's exposure levels. This regulatory measure is expected to limit the company's ability to extend credit to certain customers, thereby impacting borrowing activities. To mitigate the adverse effects of these regulatory restrictions, Singer Finance (Lanka) PLC is strategically diversifying its borrowing sources. This includes focusing on alternative borrowing mechanisms such as debentures, rights issues, soliciting deposits, securitization, and commercial papers. By exploring a variety of borrowing avenues, the company aims to maintain sufficient liquidity and uphold its commitment to meeting the financing needs of its diverse customer base amidst evolving regulatory landscapes.

IFRS S1 and S2

The International Financial Reporting Standards (IFRS) S1 and S2 represent a significant advancement in the integration of sustainability-related financial information into the core reporting framework for companies globally. IFRS S1, titled "General Requirements for Disclosure of Sustainability-related Financial Information," mandates entities to disclose information about sustainability-related risks and opportunities that could reasonably be expected to influence their financial condition or performance. This standard is designed to enhance the relevance, consistency, and comparability of sustainability-related information, which is crucial for stakeholders making decisions related to providing resources to the entity.

IFRS S2 focuses specifically on "Climate-related Disclosures," setting out detailed requirements for companies to report the impacts of climate-related risks and opportunities on their business. By incorporating the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), IFRS S2 aims to provide a more structured and focused approach to climate-related financial reporting, which is increasingly important in today's environmentally conscious investment landscape.

RISK MANAGEMENT

The introduction of IFRS S1 and S2 is a transformative step towards embedding sustainability considerations into the fabric of corporate reporting. It underscores the critical role that transparent and reliable sustainability-related financial information plays in the decision-making processes of investors and other stakeholders.

As such, and as an entity committed to sustainability in all areas of our operations, we have chosen to incorporate S1 and S2 as a risk tool into the Report in compliance with the stipulation.

Business Continuity

Business continuity is a critical aspect of risk management. Singer Finance (Lanka) PLC has a comprehensive Business Continuity Plan (BCP) that outlines processes, procedures, and systems necessary to continue or restore operations during disasters of varying severity. Notably it facilitates Real-time data replication in an external location to ensure operational continuity and operates a disaster recovery center outside the premises to facilitate key operations during predefined scenarios.

Internal and External Audit

Singer Finance (Lanka) PLC conducts internal and external audits. The Board-appointed Audit Committee promptly addresses significant risks identified in audit reports. The reporting structure of the Internal Audit function is detailed in the relevant pages.

Insurance

Singer Finance (Lanka) PLC effectively manages risk by using insurance policies to transfer the risk of high-severity losses arising from fraud and external events beyond the company's control. These policies cover scenarios such as natural disasters, theft, and burglaries.

Capital Adequacy Ratio

The Capital Adequacy Ratio (CAR) reflects a company's financial stability. We adhere to CBSL's regulatory requirements and uses the standardized measurement method for Market Risk and Operational Risk. This framework calculates risk-weighted assets for credit risk and operational risk. As per guidelines, Tier 1 and Total Capital Adequacy Ratios should exceed 12.1% and 12.5%, respectively. Our CAR is strong, providing a healthy cushion against potential losses.

Caveat

While we have discussed risk sources and mitigation procedures, complete protection against all risks is challenging. However, Singer Finance has robust processes to assess, evaluate, and mitigate risks promptly. The company is confident that material risk factors have been adequately managed, ensuring uninterrupted and profitable business continuity.

In conclusion, the business risk landscape is characterized by a complex web of challenges that require a nuanced understanding and a multifaceted response. Organisations that can think creatively and collaboratively about risk, and develop effective structural and long-term resilience, will be better positioned to thrive in an uncertain future. We are confident that the risk management framework we have placed within our Company and the practices we have adopted and keep adapting serve as valuable guides for our aim to navigate this landscape successfully.

DISCLOSURE REPORT UNDER FINANCE BUSINESS ACT DIRECTION NO. 5 OF 2021

Corporate Governance Directions

Finance Business Act Direction No. 5 of 2021 and the subsequent amendments sets out the Corporate Governance Direction. All Finance Companies are required to be compliant with the said Direction.

This report aims to disclose a selected set of Directions that the guideline requires explicit disclosure by way of certification.

Reporting to Central Bank

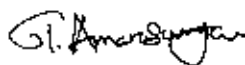
- The Company hereby certifies that Weekly, Monthly, Quarterly and Annual prudential reports were submitted to the Financial Information Network (FinNet) in a timely manner and that there are no penalties affected on the Company due to late submission.
- The Company also certifies that the aforementioned prudential returns and other information submitted to the Central Bank of Sri Lanka contains accurate information and does not include any material and intentional misstatements.
- Large transactions report due to be submitted to the Financial Intelligence Unit (FIU) of the Central Bank of Sri Lanka has been submitted on a bi-monthly basis as per the requirement.

Disclosure under Corporate Governance Direction No. 5 of 2021

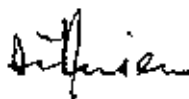
It is hereby certified that the Company is in compliance with the prudential requirements, regulations, laws and internal controls. There was no necessity to take any corrective action on non-compliance during the period under review.

It is hereby certified that no supervisory concerns on lapses in the finance company's risk management, or non-compliance with the Act and rules and directions have occurred that required communication to the Director of the Department of Supervision of Non-Bank Financial Institutions.

It is hereby certified that the Company is in compliance with the Acts, rules and directions issued by the Monetary Board during the period under review.



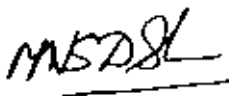
Thushan Amarasuriya
Chief Executive Officer



Ranil De Silva
Chairman - Audit Committee



Iman Perera
Chief Operating Officer



Nadeesha De Silva
Senior Manager - Compliance

Colombo
7th May 2024

BOARD AUDIT COMMITTEE REPORT

Composition and Meetings

The Audit Committee, appointed by and responsible to the Board of Directors, comprises of the following three Independent Non-Executive Directors including the senior Independent Non- Executive Director and one Non- Executive Director.

Name	Category	Meetings Attended
Mr. Ranil De Silva (Chairman)	INED	5/5
Mr. Jayanth Perera	Senior INED	5/5
Mr. Aravinda Perera	NED	5/5
Mr. Saman Herath	INED	5/5

Brief profiles of each member are set out on pages 22 to 23 of this report. The individual and collective financial knowledge, business acumen and independence of the Committee members, are brought to bear on the deliberations and judgments on matters that are presented to the Committee's purview.

The Company Secretary acts as the secretary to the Audit Committee. The Chief Executive Officer, Chief Operating Officer, Head of Finance, Senior Manager Compliance, Senior Manager Credit, Senior Manager Recoveries and the Internal Auditor attend all meetings of the Committee by invitation.

Charter of the Audit Committee

The Audit Committee Charter is reviewed and revised on a periodical basis with the concurrence of Board of Directors to make sure that new developments relating to the function of the Committee are included.

The terms of reference of the Committee are clearly defined in the Charter of the Audit Committee. The Charter has considered and includes all relevant rules and guidelines that regulate the composition, roles and functions of the Board Audit Committee. 'Rules on Corporate Governance' under listing rules of corporate governance under Colombo Stock Exchange, 'Code of Best Practice on Corporate Governance' issued by Institute of Chartered Accountants of Sri Lanka in 2023 and 'Finance companies (Corporate Governance) Direction No. 03 of 2008 and Direction No.5 of 2021 issued by the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011.

Meetings of the Audit Committee

The Committee met 5 times during the year. The attendance of the meetings by the Committee members are set out above.

Members of the management team of the Company, as well as the external auditors were present at discussions where it was appropriate. The proceedings of the Audit Committee are reported to the Board of Directors on a regular basis.

The Authority of the Audit Committee

- Recommend appointment, dismissal, service period and audit fee of the external auditors.
- The Audit Committee shall establish and maintain a direct communication channel with the external auditors.
- Resolve any issues in respect of financial reporting between the management and the External Auditor.
- Pre-approve all auditing and non-audit services performed by the external audit firm and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the management, external auditors as necessary to carry out the assigned duties.

Activities in 2023/24

Financial Reporting System

The Committee reviewed the financial reporting system adopted by the Company in the preparation of its quarterly and annual financial statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The methodology included obtaining statements of compliance from Heads of Finance and the Chief Executive Officer. The Committee recommended the Financial Statements to the Board for its approval and issuance. The Committee, in its evaluation of the financial

reporting system, also recognised the adequacy of the content and quality of routine management information reports forwarded to the Board of Directors.

Internal Audits

The Committee reviewed the process to assess the effectiveness of the internal financial controls that have been designed to provide reasonable assurance to the Directors to ensure that the assets are safeguarded, and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements.

The Internal Audit Department reports on key control elements and procedures in various departments of the Company that are audited according to the audit plan. During the financial year 2023/24, 63 audits were performed across the operations of the company. The Committee obtained the significant findings of the internal auditors and recommendations together with the responses provided by the management. The recommendations made by the internal auditors as improvements were discussed further.

The internal audit function is partly outsourced to Messers. BDO, Chartered Accountants. The internal audits during the FY 2023/24 were carried out as per the agreed annual audit plan. The Committee also invited representatives from the audit firm to make presentations on their observations and findings. Follow up reviews were scheduled to ensure that audit recommendations are being acted upon.

The Committee evaluated the Internal Audit function covering key areas such as scope, quality of internal audits, independence and resources. The Committee appraised the independence of the Internal Audit Department and Messers. BDO Chartered Accountants, in the conduct of their assignments.

Risk Management

The Committee obtained, reviewed statements and the Risk Matrix identifying major business risks, risk mitigation action taken or contemplated by the management to control and mitigate identified risks. The Company follows the COSO Enterprise Risk Reporting Process.

The Audit Committee also conducted ESG risk assessments during the year, thereby identifying, prioritising and monitoring sustainability-related risks and opportunities.

Review of the risk management processes, internal controls, business continuity planning and information security systems are carried out and appropriate remedial actions are recommended to the board.

External Audits

The Committee held meetings with the External Auditors to review the nature, approach, scope, results and observations of the audit. The actions taken by the management in response to the issues raised by the auditors as well as the effectiveness of the internal controls which are in place were discussed with the respective officers of the Company. Further, remedial actions were recommended wherever necessary.

The Audit Committee also reviews the other services provided by the External Auditors to the Company to ensure that their independence as Auditors has not been compromised.

Appointment of External Auditors

As per Section 10.2 (d)(ii) of Finance Business Act, Direction No. 5 of 2021 on Corporate Governance, a Company is restricted from obtaining the services of the same external audit firm for more than ten consecutive years.

Therefore, in complying with this direction, the Audit Committee recommended to the Board to appoint Messers. Ernst & Young, Chartered Accountants as the External Auditors for the year ending 31st March 2025 subject to the approval of the shareholders at the Annual General Meeting.

Compliance

The Committee obtained representations from the Chief Executive Officer and the Head of Finance of the Company on the adequacy of provisions made for possible liabilities and reviewed reports tabled by the Company certifying compliance with relevant statutory requirements.

The Compliance Officer reviews and reports on any gaps or areas of non-compliance to the Audit Committee and monitors the Company's compliance with the applicable laws and regulations, including the internal policy on the Code of Conduct of its employees.

Thus, the Committee ensures the completeness of the financial reporting framework, which is well monitored to provide accurate, appropriate and timely information to the Board of Directors,

Management, Regulatory Authorities and shareholders.

Finance Companies (Corporate Governance) Direction No.3 Of 2008 and No.5 Of 2021

The Audit Committee ensures that the highest standards of corporate governance are maintained along with adherence to internal policies and procedures to establish good governance within the organisation.

In terms of the Section 8 (2) 1 of the Finance Companies (Corporate Governance) Direction No.3 of 2008, the Chief Finance Officer, the Head of Internal Audit and a representative of the external auditors may normally attend meetings. The Chief Executive Officer attends meetings upon the invitation of the Committee. The Committee ensures to meet with the external auditors without the Executive Directors being present at least twice a year. Accordingly the Audit Committee last met with the external auditors without the presence of the Executive Directors and Management on 30th January 2024.

The Committee is satisfied with the present corporate governance framework of the organisation which ensures sufficient balance of power and authority.

Ethics and Good Governance

The Committee continuously emphasise the importance of upholding strong ethics and values by the staff members. Therein the Code of Ethics, Whistle-Blower policies and anti-corruption policies were put in place whilst educating and encouraging all members of the staff of these mechanisms. All appropriate procedures are in place to conduct independent investigations of incidents reported through Whistle-Blowing or identified through other means. The Whistle-Blower Policy maintains strict confidentiality of the identity of the Whistle-Blowers.

Sri Lanka Accounting Standards

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

Progress of Implementation of SLFRS:

The Committee continuously monitored the progress and implementation of SLFRS as per the requirements of Sri Lanka Accounting Standards.

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

The Committee has pursued the support of Messers KPMG, Chartered Accountants to assess and review the existing SLFRS policies and procedures adopted by the Company.

Support to the Committee

During the year, the Committee received information and support from the management to carry out its duties and responsibilities effectively.

Evaluation of the Committee:

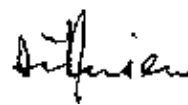
An independent evaluation of the effectiveness of the Committee was carried out by the other members of the Board during the year. Considering the overall conduct of the Committee and its contribution on the overall performance of the Company, the Committee has been rated as highly effective.

Conclusion

On behalf of the Committee, I take this opportunity to place my appreciation to the outgoing Auditors, Messers. KPMG, Chartered Accountants for the services rendered and contribution to uphold the highest standards of integrity.

Further, I would like to express my sincere gratitude for Mr. Jayanth Perera's valuable contributions to the Committee. As he retires from his directorship after completing his tenure with the Company, I wish him success in all his future endeavors.

I wish to thank all the members who served on the Audit Committee during the year for their valuable contribution to the deliberations of the Committee.



Ranil De Silva

Chairman - Audit Committee.

7th May 2024

BOARD NOMINATIONS COMMITTEE REPORT

Composition and Meetings

The Nominations Committee is a sub-committee of the Board of Directors of the Company and reports directly to the Board. As at 31st March 2024 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Jayanth Perera (C)	Senior INED	2/2
Mr. Aravinda Perera	NED	2/2
Mr. Ranil De Silva	INED	2/2
Mr. Saman Herath	INED	2/2

(C) - Chairman

INED - Independent Non-Executive Director

NED - Non-Executive Director

The Committee comprises of three Independent Non-Executive Directors and a Non-Executive Director. The Chief Executive Officer of the Group attends by invitation.

Hayleys Group Services (Private) Limited functioned as the Secretary to the Committee up to 10th April 2023. Mr. Lasitha Dias was appointed as the Company Secretary in place of Hayleys Group Services (Private) Limited with effect from 11th April 2023.

The Committee reviewed the structure and composition of the Board and recommended the requirement of additional/new expertise on the Board and also discussed the succession plan for retiring/resigning Directors.

Scope of the Committee

The Nomination Committee operates within the terms of reference as approved by the Board. As per the said terms of reference, the majority of the Membership of the Committee shall be Non-Executive Directors and shall include at least one or one third (whichever is higher) of Independent Non-Executive Directors. The Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board. The quorum of the Committee shall be two members who are Non-Executive Directors of whom at least one should be independent.

The Committee's terms of reference outline the composition and the role and responsibilities of the committee which are stated below.

- Propose a suitable Charter for the appointment and re-appointment of Directors to the Board and to act in accordance with such a Charter in proposing appointments and re-appointments. Such a Charter shall cover areas such as qualifications, competencies, independence and relationships which have the potential to give rise to conflict vis-a-vis the business of the Company etc.
- Recommend Directors who are retiring by rotation to be placed before the shareholders, for re-election.
- Review the structure, size, composition and competencies (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes if necessary.

Re-election of Directors at the Annual General Meeting

In terms of Article 24(4) of the Articles of Association of the Company, Mr. Ranil De Silva retires by rotation and is eligible to offer himself for re- election.

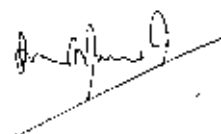
Accordingly, the shareholders will be requested to re-elect him at the forthcoming Annual General Meeting.

Re-appointment of Director who has been Appointed to the Board since the Last AGM

In terms of Article 24 (9) of the Articles of Association of the Company, shareholders will be requested to elect Mr. Dhammika Dias Wickramaratne Siriwardene.

Conclusion

I express my gratitude to all the members who dedicated their service to the Nominations Committee throughout the year, contributing significantly to our deliberations.



Jayanth Perera

Chairman - Board Nomination Committee

Colombo

7th May 2024

BOARD RISK MANAGEMENT COMMITTEE REPORT

Composition and Meetings

The Risk Management Committee is a sub-committee of the Board of Directors of the Company and reports directly to the Board. As at 31st March 2024 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Jayanth Perera (C)	Senior INED	4/4
Mr. Saman Herath	INED	4/4
Mr. Thushan Amarasuriya	ED	4/4

(C) - Chairman

INED - Independent Non-Executive Director

ED - Executive Director

The Manager Risk functioned as the Secretary to the Committee. Chief Operating Officer, Head of Finance, Senior Manager Credit and Group Sales, Head of Recoveries, Consultant to the Chairman, Head of Treasury and Financial Services, Senior Manager Compliance, Head of Recovery and Head of Strategic Planning represented the Management at the Committee by invitation.

The Committee reports to the Board by way of minutes and provides recommendations when necessary. All minutes of the Committee meetings are tabled and ratified at meetings of the Board and follow up action is taken on outstanding matters.

Scope of the Committee

The Board Risk Management Committee operates within the terms of reference as approved by the Board.

The main role and responsibilities of the Committee are to assist the Board in fulfilling its oversight responsibilities for all aspects of risk management. In this connection, the Committee focuses on and reviews risks such as credit, market, liquidity, operational and strategic risks through appropriate risk indicators and management information. In addition to the above, the Committee is responsible for reviewing and/ or recommending the following which are identified in the Charter of the Integrated Risk Management Committee:

- Review and oversee the risk and compliance profile of the Company within the context of the Board determined risk parameters.
- Make recommendations to the Board concerning the Company's risk appetite and particular risk or compliance management practice of the Company.
- Review and oversee the management's plan for mitigating of the material risks faced by the various business units of the Company.
- Oversee and review the implementation of risk management and regulatory compliance throughout the Company.

The Committee is conscious, that when carrying out its responsibilities, the Company is in the business of taking risk. The aim of the Company and the Committee is therefore not to minimize risks but to optimise it by ensuring that risks being taken are properly identified and understood, appropriate, relative to the scale and type of business, affordable, properly controlled and managed and earning an appropriate return.

The Committee works closely with the Audit Committee and reviews the Whistle-Blower Policy of the Company.

Anti-Money Laundering and Combating the Financing of Terrorism Committee (AML/ CFT Committee)

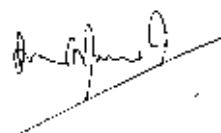
In line with regulatory requirements, the Company established an AML/ CFT Committee to oversee the risks associated with AML/CFT.

The Committee comes under the aegis of the IRMC. The Chairman of this Committee is the Chief Executive Officer and the Senior Manager Compliance serves as the Secretary. Minutes of the quarterly meetings are escalated through the IRMC to the Board.

Conclusion

The Committee is of the view that the Company has made progress towards meeting the challenges of risk management and compliance, complying with international standards. In view of accomplishing this task, the above-mentioned Risk Management Committee assesses the credit, market, liquidity, operational, strategic and compliance risks on a regular basis through appropriate risk indicators and management information.

Finally, 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.



Jayanth Perera

Chairman - Integrated Risk Management Committee

Colombo

7th May 2024

BOARD CREDIT COMMITTEE REPORT

Composition and Meetings

Board Credit Committee is responsible for providing oversight in the formulation of credit policies, credit strategies, reviewing of credit approvals and post credit monitoring coordinating with the business line management team ensuring overall credit quality is maintained optimising the credit risk.

As at 31st March 2024, Credit Committee comprises 2 independent non-executive directors and an executive director as given below.

Name	Category	Meetings Attended
Mr. Jayanth Perera – Chairman	Senior INED	4/4
Mr. Saman Herath	INED	4/4
Mr. Thushan Amarasuriya	ED	4/4

INED – Independent Non-Executive Director

ED – Executive Director

Key members of the senior management team including COO, Head of Finance, Consultant to the Chairman, Head of Treasury and Financial Services, Senior Manager Credit, Head of recoveries and Head of Legal represented the management team invited to attend the committee meeting as and when desired. National Manager Credit function as the Secretary to the Committee.

Scope of the Committee

The Committee provides guidance to credit management process including review of credit policies, establishing and maintain diversified portfolio of assets in line with the desired risk return profile and within the risk appetite of the company and sector and asset exposure limits recommended by the Integrated Risk Management Committee.

Recommending delegation of lending approving powers to the management involved with the credit approval process for the approval of board and review such limits regularly.

Reviewing and approving credit proposals exceeding the delegated authority limits granted to key management and reviewing and recommending to board credit proposals beyond D/A limits in line with the board approved credit policies.

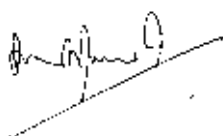
Committee reviews the quality and the performances of the credit portfolio, none performance and collection related management information, monitor the progress of yard vehicles and recommend write off to the board of directors.

Conclusion

The Committee is of the view that the company has made progress towards meeting the challenges of credit evaluation and the management of the Company's credit exposure complying with the best practices.

I extend my appreciation to all the members who devoted their efforts to the Committee over the course of the year, making substantial contributions to our discussions.

For and on behalf of the credit committee.



Jayanth Perera

Chairman - Credit Committee

Colombo
7th May 2024

BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

Composition and Meetings

The Remuneration Committee is a sub-committee of the Board of Directors of the Company and reports directly to the Board. As at 31st March 2024 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Jayanth Perera (C)	Senior INED	1/1
Mr. Aravinda Perera	NED	1/1
Mr. Ranil De Silva	INED	1/1
Mr. Saman Herath	INED	1/1

(C) - Chairman

INED - Independent Non-Executive Director

NED - Non-Executive Director

The Human Resources and Remuneration Committee consists of three Independent Non-Executive Directors and one Non-Executive Director. The Chief Executive Officer Mr. Thushan Amarasinghe functions as the Secretary to the Committee.

Group Chief Executive Officer and Group Chairman attend the Committee by invitation and assists the Committee by providing the relevant information and participating in its analysis and deliberations.

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

Regulations/Rules Relevant to the Functions of the Committee

The Human Resources and Remuneration Committee was formed by the Board in compliance with Section 9.18.6 of the Listing Rules of the Colombo Stock Exchange and its composition and functions are in conformity with the Listing Rules.

Scope of the Committee

The scope of the Committee includes:

- Looking into fees, remuneration and perquisites of the Chief Executive Officer who is also an Executive Director of the Board of the Company, Independent Directors and Non-Executive Directors and approve recommendations made by the Group Chief Executive Officer.

- Reviewing the policies pertaining to the remuneration and perquisites of the Executives of the Company.
- Setting goals and targets for the Directors, Chief Executive Officer and Key Management Personnel.
- Evaluate the performance of the Chief Executive Officer and Key Management Personnel against the pre-agreed targets and goals.

The primary objective of the Remuneration Policy of the Company is to align remuneration with performance, whilst ensuring that the Company is able to attract and retain employees critical to deliver the Company's strategy and to make continued progress towards ensuring a high performing culture in line with the Company's values.

Through the Remuneration Policy, the Company endeavors to encourage an entrepreneurial mindset by creating a working environment that motivates high performance so that all employees can positively and ethically contribute to the strategy, vision and goals of the Company while upholding its values.

Professional Advice

The Committee is authorized to seek external professional advice on matters within its purview.

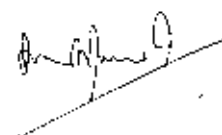
Remuneration Paid to Directors

The remuneration paid to Directors during the year under review is disclosed in Note 40.6 to the financial statements.

All Independent Non-Executive Directors receive a fee for serving on the Board and sub-committee.

Conclusion

I wish to thank members of the Committee, and the Group Chief Executive Officer and Group Chairman for their valuable contributions to the deliberations of the Committee.



Jayanth Perera

Chairman - Human Resources and Remuneration Committee

Colombo
7th May 2024

BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Composition and Meetings

The Related Party Transactions Review Committee comprises three Independent Non- Executive Directors. Chairman, Group Chief Executive Officer, Chief Executive Officer, Head of Finance and Senior Manager Compliance attend the Committee by invitation. As at 31st March 2024 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Ranil De Silva (C)	INED	4/4
Mr. Jayanth Perera	Senior INED	4/4
Mr. Saman Herath	INED	4/4

(C) - Chairman

INED - Independent Non-Executive Director

The above composition is in compliance with the provisions of the Central Bank of Sri Lanka, listing rules and Code regarding the composition of the Board Related Party Transactions Review Committee. Brief profiles of the members are given on pages 22 and 23 of this Annual Report.

Hayleys Group Services (Private) Limited functioned as the Secretary to the Committee up to 10th April 2023. However, Mr. Lasitha Dias was appointed as company secretary with effect from 11th April 2023.

Scope of the Committee

The mandate of the Committee as set out in the Board approved Terms of Reference (RPTRC Charter) is derived from the Listing Rule of the CSE and the FBA Direction No. 5 of 2021 and sets out the purpose of the Committee. As outlined by the charter, the roles and responsibilities of the Committee are as follows.

- Developing a Related Party Transaction Policy consistent with the provisions of the Code and the Rules for adoption by the Board of Directors of the Company and its listed subsidiaries.
- Reviewing in advance all proposed Related Party Transactions ("RPTs") in compliance with the provisions of the Code.
- Advising the Board on making Immediate
- Market Disclosures and Disclosures in the Annual Report where necessary, in respect of RPTs, in compliance with the provisions of the Code and the Rules.

Ensure the Availability of Processes and Practices for the Following

- Policies & Procedures Adopted by the RPTRC for reviewing Related Party Transactions (RPT's)
- 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.
- 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 extracted from the system is verified and validated.
- All Managers are advised to report RPTs to the Head of Finance who has been identified as the focal point, for this purpose.
- Data is shared with the Head of Finance and the Company Secretary to meet the regulatory requirements if required.

Task of the Committee

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

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

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

Reporting to the Board

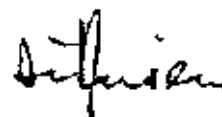
The minutes of the RPTRC meetings are tabled at Board meetings enabling all Board members to have access to same.

The Chairman also provides a verbal statement to the Board regarding any material related party transactions at the quarterly meetings.

Conclusion

I take this opportunity to convey my deep appreciation to the services rendered to the Committee by Mr. Jayanth Perera, as he retires from the directorship after completing his tenure in the Company. I wish him success in all his future endeavours.

I wish to thank the members of the Committee and the invitees for their valuable contribution to the deliberations of the Committee.



Ranil De Silva

Chairman - Board Related Party Transactions Review Committee

Colombo
7th May 2024



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DIRECTORS' STATEMENT ON INTERNAL CONTROL

Responsibility

In line with the Finance Business Act No. 42 of 2011; Finance Companies (Corporate Governance) Direction No.03 of 2008, the Board of Directors presents this Report on Internal Control.

The Board of Directors (Board) is responsible for the adequacy and effectiveness of the Singer Finance (Lanka) PLC ('the Company') system of internal controls. However, such a system is designed to manage the Company's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives of the Company. Accordingly, the system of internal controls can only provide reasonable but not absolute assurance against material misstatement of financial information against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board and Board appointed sub committees in accordance with the Guidance for Directors of Banks, Licensed Finance Companies and Finance Leasing Companies on the Directors' Statement on Internal Control issued by the Institute of Chartered Accountants of Sri Lanka. The Board has assessed the internal control system taking into account principles for the assessment of internal control system as noted therein.

The Management assists the Board in the implementation of the policies and procedures on risk and control by identifying and assessing the risks faced and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

Key Features of the Process Adopted in Applying and Reviewing the Design and Effectiveness of Internal Control System on Financial Reporting.

The following processes have been established in reviewing the adequacy and integrity of the internal control systems in respect of financial reporting:

- Various committees are established by the Board to assist the Board in ensuring the

effectiveness of the Company's operations and that they are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions approved by the Board.

- The Internal Audit Division of the Company checks for compliance with Board approved policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any non-compliance. Audits are carried out on all units and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report. The annual audit plan is reviewed and approved by the Board Audit Committee. Findings of the internal audit are submitted to the Board Audit Committee for review at their periodic meetings.
- The Board Audit Committee of the Company reviews internal control issues identified by the Internal Audit Division, regulatory authorities and Management 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 the quality of internal audits.

The Minutes of the Board Audit Committee meetings are tabled at the meetings of the Board of Directors of the Company. Further, details of the activities undertaken by the Board Audit Committee of the Company are set out in the 'Board Audit Committee Report' which appears on pages 174 & 175.

- The observations made by the External Auditors in connection with the internal control system during the financial year 2023/2024 will be taken into consideration and appropriate steps will be taken to address them as appropriate during the ensuing year.
- In assessing the internal control system, responsible officers of the Company continued to review and update all procedures and controls that are connected with significant accounts and disclosures in the Financial Statements. The Internal Audit Department continuously verifies the suitability of design and effectiveness of these procedures and controls on an ongoing basis.

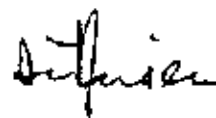
Confirmation

Based on the above processes, the Board of Directors confirm that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements in accordance with the Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka.

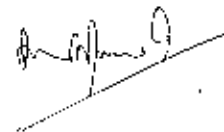
Review of the Statement by External Auditors

The External Auditors have reviewed the above Directors' Statement on Internal Controls included in the Annual Report of the Company for the year ended 31st March 2024 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control system over financial reporting of the Company.

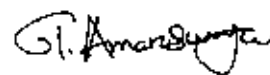
By order of the Board



Ranil De Silva
Chairman - Audit Committee



Jayanth Perera
Senior Independent Non-Executive Director



Thushan Amarasinghe
Executive Director/CEO

Colombo
7th May 2024

BOARD OF DIRECTORS COMMUNICATION POLICY

Policy Statement

Singer Finance (Lanka) PLC ("the Company") values the input and insights of all its stakeholders, including lenders, creditors, shareholders, borrowers and other interested parties and believes that effective communication strengthens the role of the Company's Board of Directors ("the Board") as an active, informed and engaged body. To facilitate communication, this Policy outlines the procedures for communicating with the Board, its Committees and its members.

This policy has been approved by the Board of Directors and became effective from 31st March 2016. The Board of Directors will oversee this Policy, review it and may recommend any changes from time to time. The Board can modify this Policy unilaterally at any time without notice.

Communications to the Board

Stakeholders and other interested parties can communicate with the Board as a whole, the Independent Directors, or any individual member of the Board or any Committee of the Board. All such written communications shall be forwarded to the following address;

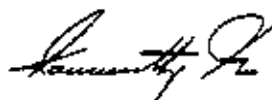
Mr. Lasitha Dias
Company Secretary
No.498, R.A. De Mel Mawatha,
Colombo 03

Procedures for Handling Communications to the Board

The Board has designated the Company Secretary as its agent to receive and review written communications addressed to the Board, any of its Committees, or any Board member or group of members. The Company Secretary may communicate with the sender for any clarification. In addition, the Company Secretary will promptly forward to the Chairman of the Audit Committee any communication regarding legal, ethical or compliance issues by Management or any other matter deemed by the Company Secretary to be potentially material to the Company.

As an initial matter, the Company Secretary will determine whether the communication is a proper communication for the Board. The Company Secretary will not forward to the Board, any Committee or any Director communications of a personal nature or not related to the duties and responsibilities of the Board, including, without limitation, junk mail and mass mailings, business solicitations, opinion survey polls or any other communications deemed by the Company Secretary to be immaterial to the Company.

Separately, the Company's Audit Committee has established a Whistle-Blower Policy for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, auditing matters, fraud and unethical business practices, sexual harassment/misconduct, racial or religious discrimination and the confidential, anonymous submission by employees or any other concerned persons of concerns regarding questionable practices or events that would be harmful to the Company's progress and reputation.



Lasitha Dias
Company Secretary

7th May 2024

GRI CONTEXT INDEX

Statement of use	[Name of organisation] has reported in accordance with the GRI Standards for the period [reporting period start and end dates].
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	[Titles of the applicable GRI Sector Standards]

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	Back Inner Cover				
	2-2 Entities included in the organisation's sustainability reporting	82-87				
	2-3 Reporting period, frequency and contact point	6				
	2-4 Restatements of information			No Restatement		
	2-5 External assurance	185, 192-193, 201-203				
	2-6 Activities, value chain and other business relationships	36, 70-75				
	2-7 Employees	53-60				
	2-8 Workers who are not employees	53-60				
	2-9 Governance structure and composition	84 - 165				
	2-10 Nomination and selection of the highest governance body	176				
	2-11 Chair of the highest governance body	84 - 165				
	2-12 Role of the highest governance body in overseeing the management of impacts	196-199				
	2-13 Delegation of responsibility for managing impacts	84-165				
	2-14 Role of the highest governance body in sustainability reporting	84-165, 81-83				
	2-15 Conflicts of interest	180, 196-199				
	2-16 Communication of critical concerns	183				
	2-17 Collective knowledge of the highest governance body	84-165				
	2-18 Evaluation of the performance of the highest governance body	84-165, 179				
	2-19 Remuneration policies	179				
	2-20 Process to determine remuneration	179				
	2-21 Annual total compensation ratio			Classified Information		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	2-22 Statement on sustainable development strategy	81-83				
	2-23 Policy commitments	53-79, 84-165, 196-199				
	2-24 Embedding policy commitments	84-165				
	2-25 Processes to remediate negative impacts	183				
	2-26 Mechanisms for seeking advice and raising concerns	291				
	2-27 Compliance with laws and regulations	84-165				
	2-28 Membership associations	61-66, 70-75				
	2-29 Approach to stakeholder engagement	40-43				
	2-30 Collective bargaining agreements			Not Applicable		
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	38-39				
	3-2 List of material topics	38-39				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39, 44-79, 196-199				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	9, 36-39				
	201-2 Financial implications and other risks and opportunities due to climate change	80, 166-172				
	201-3 Defined benefit plan obligations and other retirement plans	53-60				
	201-4 Financial assistance received from government			No such Disclosure		
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	53-60				
	202-2 Proportion of senior management hired from the local community	53-60				
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39				

GRI CONTEXT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	67-69			
	203-2 Significant indirect economic impacts	76-79, 81-83			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	70-75			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	84-165, 166-172			
	205-2 Communication and training about anti-corruption policies and procedures	53-60, 84-165			
	205-3 Confirmed incidents of corruption and actions taken			No such incidents	
Anti-competitive behavior					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti- competitive behavior, anti-trust, and monopoly practices			Not Applicable	
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 207: Tax 2019	207-1 Approach to tax	44-52			
	207-2 Tax governance, control, and risk management	44-52, 166-172			
	207-3 Stakeholder engagement and management of concerns related to tax	40-43			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	76-79			
	302-2 Energy consumption outside of the organisation	76-79			
	302-3 Energy intensity	76-79			
	302-4 Reduction of energy consumption	76-79			
	302-5 Reductions in energy requirements of products and services	76-79			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	76-79				
	303-2 Management of water discharge-related impacts	76-79				
	303-3 Water withdrawal	76-79				
	303-4 Water discharge	76-79				
	303-5 Water consumption	76-79				
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39				
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	76-79, 81-83				
	304-2 Significant impacts of activities, products and services on biodiversity	76-79, 81-83				
	304-3 Habitats protected or restored			Not Applicable		
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations			Not Applicable		
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions			Not Disclosed		
	305-2 Energy indirect (Scope 2) GHG emissions			Not Disclosed		
	305-3 Other indirect (Scope 3) GHG emissions			Not Disclosed		
	305-4 GHG emissions intensity			Not Disclosed		
	305-5 Reduction of GHG emissions			Not Disclosed		
	305-6 Emissions of ozone-depleting substances (ODS)			Not Disclosed		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			Not Disclosed		

GRI CONTEXT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	76-79			
	306-2 Management of significant waste-related impacts	76-79			
	306-3 Waste generated	76-79			
	306-4 Waste diverted from disposal	76-79			
	306-5 Waste directed to disposal	76-79			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria			Not Applicable	
	308-2 Negative environmental impacts in the supply chain and actions taken			Not Applicable	
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	53-60			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	53-60			
	401-3 Parental leave	53-60			
	Labor/management relations				
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	53-60			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	38			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	53-60			
	403-2 Hazard identification, risk assessment, and incident investigation	53-60			
	403-3 Occupational health services	53-60			
	403-4 Worker participation, consultation, and communication on occupational health and safety	53-60			
	403-5 Worker training on occupational health and safety	53-60			
	403-6 Promotion of worker health	53-60			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	53-60			
	403-8 Workers covered by an occupational health and safety management system	53-60			
	403-9 Work-related injuries			Not Applicable	
	403-10 Work-related ill health			Not Applicable	
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	53-60			
	404-2 Programs for upgrading employee skills and transition assistance programs	53-60			
	404-3 Percentage of employees receiving regular performance and career development reviews	53-60			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	53-60			
	405-2 Ratio of basic salary and remuneration of women to men	53-60			

GRI CONTEXT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken			No such incidents	
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			No such disclosure	
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor			Not Applicable	
Forced or compulsory labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor			Not Applicable	
Security practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	53-60			
Rights of indigenous peoples					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples			Not Applicable	
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	53-60			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	70-75			
	413-2 Operations with significant actual and potential negative impacts on local communities	70-75			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria			Not Applicable		
	414-2 Negative social impacts in the supply chain and actions taken			Not Applicable		
Public policy						
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39				
GRI 415: Public Policy 2016	415-1 Political contributions			No such disclosure		
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories			Not Applicable		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			Not Applicable		
Marketing and labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling			Not Applicable		
	417-2 Incidents of non-compliance concerning product and service information and labeling			Not Applicable		
	417-3 Incidents of non-compliance concerning marketing communications			Not Applicable		
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	38-39				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data			No such complaints		

INDEPENDENT ASSURANCE REPORT TO SINGER FINANCE (LANKA) PLC



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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Internet www.kpmg.com/lk

We have been engaged by the Directors of Singer Finance (Lanka) PLC ("the Company") to provide reasonable assurance and limited assurance in respect of the Sustainability Indicators as identified below for the year ended 31 March 2024. The Sustainability Indicators are included in the Singer Finance (Lanka) PLC Integrated Annual Report for the year ended 31 March 2024 (the "Report").

The Reasonable Assurance Sustainability Indicators covered by our reasonable assurance engagement are:

Assured Sustainability Indicators	Integrated Annual Report Page
Financial Highlights	10

The Limited Assurance Sustainability Indicators covered by our limited assurance engagement are:

Limited Assurance Sustainability Indicators	Integrated Annual Report Page
Non-Financial Highlights	11
Information provided on following	
Financial Capital	44 to 52
Human Capital	53 to 60
Intellectual Capital	61 to 66
Manufactured Capital	67 to 69
Social and Relationship Capital	70 to 75
Natural Capital	76 to 78

Our conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Reasonable Assurance Sustainability Indicators

In our opinion, in all material respects, the Reasonable Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2024, in all material respects, has been prepared and presented by the management of Singer Finance (Lanka) PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Limited Assurance Sustainability Indicators

Based on the evidence we obtained from the assurance procedures performed, as described below we

are not aware of any material misstatements that causes us to believe that the Limited Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2024, have not in all material respects, been prepared and presented by the management of Singer Finance (Lanka) PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Management's Responsibility

Management is responsible for the preparation and presentation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

These responsibilities include establishing such internal controls as management determines are necessary to enable the preparation of the

Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators that are free from material misstatement whether due to fraud or error.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibility

Our responsibility is to express a reasonable assurance conclusion on the Company's preparation and presentation of the Reasonable Assurance

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C. P. Jayatilaka FCA
Ms. S. Joseph FCA
G. A. J. Kanarathne FCA
R. H. Regan FCA
A. M. R. P. Alabakoon FCA

T. J. S. Rajkumar FCA
W. K. S. C. Abeeralath FCA
R. M. D. B. Rajapakse FCA
M. M. M. Shamsel FCA
Ms. P. M. K. Samarasekera FCA

W. W. J. C. Perera FCA
S. H. G. L. Perera FCA
Ms. J. K. D. N. Rodrigo FCA
Ms. C. T. K. N. Perera FCA
R. W. M. G. W. D. B. Rathnayake FCA

Principals, SRI Perera FCA (UK); IIR Abeyaratne FCA; IIS Gnanasekera FCA; Ms. P. R. Jayatilaka FCA (UK); P. C. K. Senarathne FCA (UK).



Sustainability Indicators and a limited assurance conclusion on the preparation and presentation of the Limited Assurance Sustainability Indicators included in the Report, as defined above.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics).

SLSAE 3000 requires that we plan and perform the engagement to obtain reasonable assurance about whether the Reasonable Assurance Sustainability Indicators are free from material misstatement and limited assurance about whether the Limited Assurance Sustainability Indicators are free from material misstatement.

The firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding professional compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reasonable assurance over Reasonable Assurance Sustainability Indicators

The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material misstatement of the Reasonable Assurance Sustainability Indicators whether due to fraud or error.

In making those risk assessments, we have considered internal controls relevant to the preparation and presentation of the Reasonable Assurance Sustainability Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal controls over the preparation and presentation of the Report.

Our engagement also included assessing the appropriateness of the Reasonable Assurance Sustainability Indicators, the suitability of the criteria, being the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines, used by the Company in preparing and presenting the Reasonable Assurance Sustainability Indicators within the Report, obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Company, and re-computation of the calculations of the Reasonable Assurance Sustainability Indicators.

Limited assurance on the Assured Sustainability Indicators

Our limited assurance engagement on the Limited Assurance Sustainability Indicators consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance Sustainability Indicators, and applying analytical and other procedures, as appropriate. These procedures included:

- interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquiries of management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Limited Assurance Sustainability Indicators;
- enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance Sustainability Indicators, including the aggregation of the reported information;
- comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- reading the Limited Assurance Sustainability Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company;

- reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and 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. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Indicators.

Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Reasonable and Limited Assurance Sustainability Indicators are prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and for no other purpose or in any other context.

Restriction of use of our report

This report has been prepared for the Directors of Singer Finance (Lanka) PLC for the purpose of providing an assurance conclusion on the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators included in the Singer Finance (Lanka) PLC Integrated Annual Report for the year ended 31 March 2024 and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Singer Finance (Lanka) PLC, or for any other purpose than that for which it was prepared.

CHARTERED ACCOUNTANTS

Colombo
24 May 2024

FINANCIAL STATEMENTS

Our consistent focus on values over the last two decades has enabled us to build a robust platform of financial strength garnering the trust and credibility of our stakeholders in the competitive financial services arena.



FINANCIAL STATEMENTS

Financial Calendar – 2023/24

Annual Report 2022/23 4th May 2023

Sixteenth Annual General Meeting 27th June 2023

Interim Financial Statements in terms of listing Rule 7.4 of the Colombo Stock Exchange

1st Quarter

For the three months ended 30th June 2023

(Unaudited) 25th July 2023

2nd Quarter

For the six months ended 30th September 2023

(Unaudited) 31st October 2023

3rd Quarter

For the nine months ended 31st December 2023

(Unaudited) 30th January 2024

4th Quarter

For the twelve months ended 31st March 2024

(Unaudited) 07th May 2024

Annual Report & Annual General Meeting

Annual Report 2023/24 Approved on 07th May 2024

Seventeenth Annual General Meeting 25th June 2024

Proposed Financial Calendar 2024/25

1st Quarter Results

For the three months period ending 30th June 2024

(Unaudited) July 2024

2nd Quarter Results

For the six months period ending 30th September 2024

(Unaudited) October 2024

3rd Quarter Results

For the nine months period ending 31st December 2024

(Unaudited) January 2025

4th Quarter Results

For the twelve months period ending 31st March 2025

(Unaudited) May 2025

Annual Report and Audited Accounts for 2024/25

(Audited) June 2025

Eighteenth Annual General Meeting June 2025

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

The Board of Directors of Singer Finance (Lanka) PLC has pleasure in presenting their Report on the affairs of the Company together with the Audited Financial Statements of the Company for the year ended 31st March 2024.

Review of the Year

The Chairman's Review (pages 14 to 15), the Group Chief Executive Officer's Review (pages 16 to 17), Chief Executive Officer's Review (pages 18 to 19) and Capital Reports (pages 44 to 78), describe the Company's affairs and mention important events that occurred during the year, and up to the date of this report. The Financial Review on pages 44 to 52 elaborates the financial results of the Company. These reports together with the Audited Financial Statements reflect the state of affairs of the Company.

Principal Activities

The principal activities of the Company consist of finance leasing, granting loans, mobilizing of fixed and saving deposits, financing of consumer durables under loan scheme and invoice discounting under factoring business.

Independent Auditors' Report

The independent Auditors' report on the Financial Statements is given on pages 201 to 203 in this Annual Report.

Financial Statements

The Financial Statements for the year ended 31st March 2024 are prepared in accordance with Sri Lanka Accounting Standards, SLFRS/LKAS, issued by the Institute of Chartered Accountants of Sri Lanka and the requirement of Section 151 of the Companies Act No. 7 of 2007.

The Financial Statements duly signed by the Directors are provided on pages 204 to 276 in this Annual Report.

Accounting Policies

The accounting policies adopted in preparing the Financial Statements are provided in notes to the Financial Statements on pages 208 to 276.

The accounting policies adopted are consistent with the previous financial year.

Property, Plant and Equipment During the year under review, the Company invested Rs. 153.1 million (2022/23, Rs. 294.1 million) in Property, Plant and Equipment. Rs. 34.3 million was spent on renovating and upgrading leasehold premises. Further Rs. 44.1 million, Rs. 58.1 million and Rs. 16.6 million were spent on purchasing of EDP Equipment, Office Equipment and Furniture and Fittings respectively.

Details of Property, Plant and Equipment and their movements are given in Note 23 to the Financial Statements.

Intangible Assets

During the year under review, the Company acquired Rs. 21.1 million worth of software to develop the IT infrastructure of the Company. Total investment in software as at the Balance Sheet date was Rs. 87.8 million. Details of intangible assets are given under Note 22 to the Financial Statements.

Directors' Responsibilities

The Statement of Directors' Responsibility is given on page 200.

Corporate Governance

The Company has complied with Corporate Governance Rules laid down under the Listing Rules of the Colombo Stock Exchange, Code of Best Practice on Corporate Governance issued in year 2017 by the Institute of Chartered Accountants of Sri Lanka and the Corporate Governance Directions No. 3 of 2008, subsequent amendments issued by the Central Bank of Sri Lanka and Corporate Governance Direction No. 5 of 2021. The corporate governance section on pages 84 to 165 describes the good corporate governance principles adopted by the Company.

Profit and Appropriations	2024 Rs.	2023 Rs.
Company profit before tax for the year ended 31st March after deducting all expenses, known liabilities and depreciation amounts	652,397,883	678,572,995
Provision for income tax	(248,162,939)	(269,529,029)
Profit after tax for the year	404,234,944	409,043,966
Profit brought forward from the previous year	2,722,160,413	2,491,075,742
Interim dividend of Rs.0.80 per share	(161,659,260)	(161,659,260)
Profit available for appropriation	2,964,736,097	2,738,460,448
The following appropriations have been proposed:		
Transfer to Reserve Fund	(80,846,989)	(20,452,198)
Transfer to Regulatory Loss Allowance Reserve Fund	(51,093,499)	-
Actuarial (Gain)/Loss on Retirement Benefit Obligation	(5,127,105)	5,931,661
Tax on Other Comprehensive Income	1,538,131	(1,779,498)
Total appropriation before Other Comprehensive Income	(135,529,462)	(16,300,035)
Balance on Company basis to be carried forward	2,829,206,634	2,722,160,413

Dividend

In terms of Article 7 of the Articles of Association of the Company, an interim dividend of Rs. 0.80 per share was approved by the Directors for the financial year 2022/23 and paid on 1st December 2023, after obtaining the Central Bank approval for same.

The Board signed a Certificate of Solvency stating that the Company would satisfy the Solvency Test immediately after the said distribution is made in accordance with Section 57 of the Companies Act No. 07 of 2007.

The Directors obtained a Certificate of Solvency from the Auditors prior to the date of dispatch of the dividend payment.

Reserves

The Company's Reserves and Retained Profits as at 31st March 2024 amounted to Rs. 3,217.9 million vs Rs. 2,978.8 million as at 31st March 2023. The break-up and movement are shown in the Statement of Changes in Equity in the Financial Statements.

Stated Capital

As per the terms of the Companies Act No. 7 of 2007, the Stated Capital of the Company was Rs. 1,996,444,457/- as at 31st March 2024 comprising of 202,074,075 ordinary shares and was unchanged during the year. Details and movement of the stated capital are given in Note 33 to the Financial Statements on page 254.

Events after the Reporting Period

There have been no material events occurring after the Reporting date which requires adjustments to or disclosure.

Statutory Payments

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 200.

Directors Interests and Interest Register

Details of transactions with Director-related entities are disclosed in Note 40 to the Financial Statements on pages 271 to 276 and have been declared at the Board Meetings, pursuant to the Section 192 (2) of the Companies Act No. 7 of 2007.

There were no share/debenture transactions by the Directors during the financial year in the Company.

Board of Directors and Board Sub- Committees

The following Directors served on the Board of the Company during the period under review:

Executive

Mr. Thushan Amarasuriya - CEO

Non-Executive

Mr. Aravinda Perera - Chairman

Mr. Mahesh Wijewardene - Group CEO

Ms. Darshini Talpahewa

Independent Non-Executive

Mr. Jayanth Perera
(Senior Independent)

Mr. Ranil De Silva

Mr. Saman Herath

Mr. Dhammika Siriwardena
(appointed w.e.f 22nd April 2024)

Brief profiles of the Directors are shown on pages 22 to 23.

Retirement, Re-election, Resignation and Appointment of Directors

Mr. Jayanth Perera is to retire on 24th May 2024 on the expiration of the service period extension given by the Central Bank of Sri Lanka.

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

In terms of Article 24 (9) of the Articles of Association of the Company shareholders will be requested to re-elect Mr. Dhammika Dias Wickramarathne Siriwardene who has been appointed to the Board since the last AGM.

Independence of Directors

In accordance with the Finance Companies (Corporate Governance) Direction No. 5 of 2021, Section A 5.4 of Code of Best Practice on Corporate Governance and Section 9.8.5 of the Colombo Stock Exchange (CSE) Listing Rules, Mr. Jayanth Perera, Mr. Ranil De Silva, Mr. Saman Herath and Mr. Dhammika Siriwardena who are Independent

Non-Executive Directors of the Company, have submitted a signed and dated declaration as per the specimen given in appendix 9A of continuing listing requirement of CSE.

The Board has designated Mr. Saman Herath after the retirement of Mr. Jayanth Perera as the Senior Independent Director in order to ensure compliance with Section 6 (3) of Finance Business Act Direction No. 5 of 2021.

Corporate Governance Director's Declaration

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
- The Directors have declared all material Interest 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,
- A review of internal controls covering financial, operational and compliance controls and risk management has been conducted and reasonable assurance of their effectiveness and successful adherence has been obtained.

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

Board Sub-Committees Audit Committee

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

Mr. Ranil De Silva

(Independent Non-Executive Director)
Chairman

Mr. Jayanth Perera

(Senior Independent Non-Executive Director)

Mr. Saman Herath

(Independent Non-Executive Director)

Mr. Aravinda Perera

(Non-Executive Director)

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

Mr. Lasitha Dias

Secretary
(Appointed w.e.f 11th April 2023)

*Hayleys Group Services (Private) Limited functioned as the Secretary of the Committee up to 10th April 2023.

The Report of the Audit Committee on pages 174 to 175 sets out the manner of compliance by the Company in accordance with the requirements of Finance Companies (Corporate Governance) Direction No. 3 of 2008 and subsequent amendments issued by the Central Bank of Sri Lanka, and Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

Board Risk Management Committee

Following are the names of the Directors and Executives comprising the Board Risk Management Committee:

Mr. Jayanth Perera

(Senior Independent Non-Executive Director) - Chairman

Mr. Saman Herath

(Independent Non-Executive Director)

Mr. Thushan Amarasuriya

Chief Executive Officer/ (Executive Director)

Mr. Tharaka Sandaruwan
Manager Risk/ Secretary
(appointed w.e.f 11th April 2023 and resigned on 16th January 2024)

*Mr. Deepthi Sandaruwan functioned as the Secretary of the Committee w.e.f 16th January 2024)

The Report of the Board Risk Management Committee on page 177 sets out the manner of compliance by the Company in accordance with the requirements of the Finance Companies (Corporate Governance) Direction No. 03 of 2008 and subsequent amendments issued by the Central Bank of Sri Lanka.

Remuneration Committee

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

Mr. Jayanth Perera

(Senior Independent Non-Executive Director) - Chairman

Mr. Aravinda Perera

(Non-Executive Director)

Mr. Ranil De Silva

(Independent Non-Executive Director)

Mr. Saman Herath

(Independent Non-Executive Director)

Mr. Thushan Amarasuriya

Chief Executive Officer (Executive Director) - Secretary

The Report of the Remuneration Committee on page 179 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 40.6 to the Financial Statements on page 273.

Board Nomination Committee

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

Mr. Jayanth Perera

(Senior Independent Non-Executive Director) - Chairman

Mr. Saman Herath

(Independent Non-Executive Director)

Mr. Aravinda Perera

(Non-Executive Director)

Mr. Ranil De Silva

(Independent Non-Executive Director)

Mr. Lasitha Dias

Company Secretary
(appointed w.e.f 11th April 2023)

*Hayleys Group Services (Private) Limited functioned as the secretary of the Committee up to 10th April 2023

The Report of the Board Nomination Committee on page 176 sets out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued in 2017 by the Institute of Chartered Accountants of Sri Lanka.

Related Party Transactions Review Committee

The following are the names of the Directors comprising the Board Related Party Transaction Review Committee.

Mr. Ranil De Silva

(Independent Non-Executive Director) Chairman

Mr. Jayanth Perera

(Senior Independent Non-Executive Director)

Mr. Saman Herath

(Independent Non-Executive Director)

Mr. Lasitha Dias

Company Secretary
(appointed w.e.f 11th April 2023)

*Hayleys Group Services (Private) Limited functioned as the secretary of the Committee up to 10th April 2023

The report of the Board-Related Party Transactions Review Committee on page 180 sets out the manner of compliance by the Company.

The Board of Directors has given the following statement;

"The related party transactions of the Company, during the financial year have been reviewed by the Related Party Transactions Review Committee during respective periods of review and are in compliance with Section 9 of the Listing Rules."

Directors' and Officers' Liability Insurance

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

Share Information and Substantial Shareholdings

The distribution of shareholding, public holding percentage, market value of shares, twenty largest Shareholders are given on pages 279 to 282 in this Annual Report.

Earnings per share, dividend per share, dividend pay-out and net assets value per share are given in the financial highlights of this Annual Report.

Directors' Interest in Ordinary Shares and Debentures

The Shareholding of Directors and Chief Executive Officer at the beginning of the year and as at the end of the year were as follows:

As at 31st March	Shareholding		Debenture Holding	
	2024 No. of shares	2023 No. of shares	2024 No. of Debenture	2023 No. of Debenture
Mr. Aravinda Perera	Nil	Nil	Nil	Nil
Mr. Jayanth Perera	Nil	Nil	Nil	Nil
Mr. Ranil De Silva	Nil	Nil	Nil	Nil
Mr. Thushan Amarasuriya	50,155	50,155	Nil	Nil
Mr. Mahesh Wijewardene	Nil	Nil	Nil	Nil
Ms. Darshini Talpahewa	Nil	Nil	Nil	Nil
Mr. Saman Herath	Nil	Nil	Nil	Nil
Mr. Dhammika Siriwardena (appointed w.e.f 22nd April 2024)	Nil	Nil	Nil	Nil

Employment

The number of persons employed by the Company as at 31st March 2024 was 942 (2023 – 751).

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.

Donations

During the year, the Company has made Rs. 481,000/- as donations. (2023 - Rs. 778,750/-)

Appraisal of the Board Performance

Performance of the Board, and Committees of the Board are reviewed periodically. Chairman gets feedback on the status and affairs of respective Committees through respective Chairmen of such Committees quarterly. Further, the members of the Board are subjected to an annual self-evaluation of their performance.

Code of Conduct and Ethics

The Company is following the Code of Conduct established by the Company. All the Key and Senior Managers need to adhere to the code of conduct of the Company and escalate down the same to their reports. If there are any deviations, such matters need to be brought to the notice of the Chief Executive Officer.

Cyber Security Risk

Cyber Security risks of the Company are monitored by the IT division of both the Company and Parent Company.

Consultants are also engaged from time to time to review cyber security risks and to establish relevant controls.

Auditors

The Financial Statements for the period under review were audited by Messrs KPMG, Chartered Accountants who will retire upon conclusion of the FY 2023/24 audit.

Finance Business Act, Direction No. 5 of 2021 on Corporate Governance restricts to obtain the services of the same external audit firm for not more than ten years consecutively. Taking this direction into consideration, the Audit Committee recommended to the Board to appoint Messrs. Ernst & Young Chartered Accountants as the External Auditors for the year ending 31st March 2025.

A resolution proposing Messrs Ernst & Young as Auditors of the Company for the year 2024/25 and to authorise Directors to determine their remuneration will be proposed at the Annual General Meeting.

The audit and non-audit fees paid to the Auditors by the Company is disclosed in Note 10 on page 216 in this Annual Report.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company.

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

Environmental, Social & Governance

Embracing Sustainability on pages 81 to 83 contains the ESG initiatives under taken by the Company.

Notice of Meeting

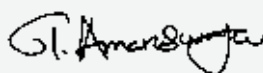
The 17th Annual General Meeting will be held at the Conference Hall of Hayleys PLC, No.400, Deans Road, Colombo 10, Sri Lanka on 25th June 2024 at 1.00 p.m.

The Notice of the Annual General Meeting of the shareholders is given on page 288.

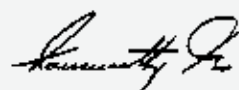
For and on behalf of the Board,



Aravinda Perera
Non-Executive Director/ Chairman



Thushan Amarasuriya
Executive Director/CEO



Lasitha Dias
Company Secretary

Colombo
7th May 2024

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Companies Act No. 7 of 2007 ('the Companies Act') requires Directors to ensure that the Company keeps accounting records, which correctly record and explain the Company's transactions and prepare Financial Statements that give a true and fair view of the state of the Company's affairs as at the reporting date and of the profit and loss for the year.

In terms of Section 150 (1) and Section 151 of the companies Act, the Directors are responsible to ensure compliance with the requirements set out therein to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the company as at the end of financial year and of the profit or loss of the company for the financial year then ended, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that it is in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

The Directors confirm the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS), the Directions issued by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011, The Companies Act No. 7 of 2007 and the Rules of the Colombo Stock Exchange and consistent with the underlying books of accounts.

The Directors have taken proper and sufficient measures to safeguard the assets of the Company, have instituted appropriate systems of internal control and accounting records to prevent and detect frauds and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. The Board has conducted a review of Internal controls covering material risk to the company and have obtained reasonable assurance of their effectiveness through an independent review.

In preparing the Financial Statements, the Directors are responsible to ensure that appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made and all applicable accounting standards have been complied with.

The Directors have taken appropriate steps to ensure that the Company maintains proper books of accounts and the financial reporting system is directly reviewed by the Directors at their regular meetings and also through the Board Audit Committee.

The Board of Directors has also instituted an effective and comprehensive systems of internal control for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the year, which is primarily handled through the Audit Committee and the Integrated Risk Management Committee. The Directors have taken adequate measures to ensure that all stakeholders including depositors are fairly treated.

The Directors have a reasonable expectation, that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore, have continued to adopt the going - concern basis in preparing the accounts.

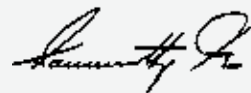
The Financial Statements of the Company have been certified by the Head of Finance of the Company, the officer responsible for their preparation as required by Section 150(1)(b) and they have also been signed by two Directors of the Company as required by Section 150(1)(c) of the Companies Act.

Messrs KPMG Chartered Accountants, the Auditors of the Company, have examined the Financial Statements made available by the Board of Directors together with all relevant financial records, related data, minutes of Shareholders' and Directors' meetings and express their opinion in their Report on pages 201 to 203 of the Annual Report.

Compliance Report

Based on the Report of the Compliance Officer, the Directors confirm that to the best of their knowledge and belief, that the company has not engaged in any activity which contravenes laws and regulations, all taxes, duties, and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid, or were provided for.

By Order of the Board



Lasitha Dias
Company Secretary

Colombo
7th May 2024

INDEPENDENT AUDITOR'S REPORT



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

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TO THE SHAREHOLDERS OF SINGER FINANCE (LANKA) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singer Finance (Lanka) PLC ("the Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

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

Key Audit Matters

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

01. Allowances for Expected Credit losses - loans and advances and finance lease receivable

Refer to note 18 to these Financial Statements.

Risk Description	Our response
As at 31 March 2024, 76% of its total assets of the Company consisted of loans and advances and finance lease receivables amounting to Rs. 28 Bn. Higher degree of complexity and judgement are involved in estimating Expected Credit loss (ECL) amounting to Rs. 1.2 Bn as at the reporting date.	Our audit procedures included;
Allowance for expected credit losses is a key audit matter due to the significance of the loans and receivables and finance lease receivable balances to the financial statements and the inherent complexity of the Company's ECL models used to measure ECL allowances. These models are reliant on data and a number of estimates including the impact of multiple economic scenarios and other assumptions such as defining a significant increase in credit risk (SICR).	<ul style="list-style-type: none"> Understanding and assessing the design and implementation and operating effectiveness of management key internal controls over the approval, recording and monitoring of loans and advances and finance lease receivables, and the measurement of provisions for impairment. Assessing the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default exposure at default, discount rate, adjustments for forward looking information and other management adjustments and assessing the reasonableness of key management judgement. As part of this work, we assessed the reasonableness of the Company's considerations of the current economic uncertainty of the Country. Evaluating the model methodology and key assumptions by testing the completeness and accuracy of key inputs into models and assessed the appropriateness of other assumptions. We substantially tested the completeness and accuracy of key inputs into models and assessed the appropriateness of assumptions, particularly in light of extreme volatility in economic scenarios caused by the current economic uncertainty and government responses.
SLFRS 9 Financial Instruments requires the Company to measure ECLs on a forward-looking basis reflecting a range of economic conditions. Post-model adjustments are made by the Company to address known ECL model limitations or emerging trends in the loan and lease receivable portfolios. Management exercise significant judgement when evaluating the economic scenarios used and the judgmental post model adjustments. The Company's criteria selected to identify a SICR are key areas of judgement within the Company's ECL methodology as these criteria determine if a forward-looking 12 month or lifetime allowance is recorded.	

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C. P. Jayasinghe FCA
Ms. E. Joseph FCA
G. A. C. Karanathilaka FCA
R. A. Raju FCA
A. P. B. Arambasinghe FCA

T. E. Rajakumar FCA
A. C. C. Jayasinghe FCA
R. M. D. Rajapakse FCA
M. M. Sumanee FCA
Ms. P. V. K. S. Sumanasekera FCA

A. W. J. C. Perera FCA
S. I. D. D. Perera FCA
Ms. B. M. C. M. Rajapakse FCA
Ms. C. K. N. Perera FCA
R. W. M. D. A. D. B. Rajapakse FCA

Principles FRI Perera GAWILU, I.D. Arambasinghe, I.D. Sumanasekera FCA, I.D. Rajapakse FCA, I.D. Sumanasekera FCA, I.D. Sumanasekera FCA

INDEPENDENT AUDITOR'S REPORT



Risk Description	Our response
<p>Additional subjectivity and judgement have been introduced into the Company's measurement of ECL due to the heightened uncertainty associated with the impact of the economic outlook to the Company's customers, increasing our audit effort thereon.</p> <p>The disclosures regarding the Company's application of SLFRS 9 are key to explaining the key judgements and material inputs to the SLFRS 9 ECL results.</p>	<ul style="list-style-type: none"> Recalculating the amount of credit loss allowance for loans and advances and finance lease receivables to verify the calculation accuracy of the credit loss allowance. We have involved our FRM specialist to assess the reasonability of the adjustments made by the Company to the forward looking macro-economic factors and assumptions used in the ECL model. We involved our FRM specialist to assess the logic and compilation of the overdue information of loans and advances, finance lease receivables and hire purchase receivables. Evaluating whether the disclosures on impairment of loans and advances and finance lease receivables meet the disclosure requirements of the prevailing accounting standards.

02. IT systems and controls over financial reporting

Risk Description	Our response
<p>The Company's businesses utilize many complex, interdependent Information Technology (IT) systems to process and record a high volume of transactions. Controls over access and changes to IT systems are critical to the recording of financial information and the preparation of financial statements which provides a true and fair view of the Company's financial position and performance.</p> <p>The IT systems and controls, as they impact the recording and reporting of financial transactions, is a key audit matter as our audit approach could significantly differ depending on the effective operation of the Company's IT controls.</p>	<p>We worked with our internal IT specialists to perform audit procedures to test the technology control environment for key IT applications (systems) used in processing significant transactions and recording balances in the general ledger. We also tested automated controls embedded within these systems which link the technology-enabled business processes.</p> <p>Our further audit procedures included:</p> <ul style="list-style-type: none"> Assessing the design, implementation, and operating effectiveness of key internal controls over the information technology in relation to financial accounting and reporting systems, including system access and system change management, monitor system integrity, program development and computer operations. Examining the framework of governance over the Company's IT organization and the controls over program development and changes, access to programs and data and IT operations, including compensating controls when required. Evaluating the design, implementation and operating effectiveness of the significant accounts related to IT process controls by assessing the operating effectiveness of IT application controls by assessing the operating effectiveness of certain automated controls and system calculations which are relevant to the company's compliance activities and assessing the consistency of data transmission and data migration. Assessing the availability and stability of key operating systems, taking into consideration the rapid development of business types and transactions volumes as well as IT projects that have a significant impact on business continuity. On sample basis, re-performed selected automated computations and compared our results with those from the system and the general Ledger. On sample basis, testing the access rights given to staff by checking them to approved records and inspecting the reports over the granting and removal of access rights Testing preventative controls designed to enforce segregation of duties between users within particular systems.



Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

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

24 May 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31st March	Note	2024 Rs.	2023 Rs.
Gross Income	5	8,113,371,027	7,552,900,314
Interest Income	6.1	7,572,616,014	7,142,823,353
Interest Expense	6.2	(4,792,620,097)	(4,528,450,674)
Net Interest Income	6	2,779,995,917	2,614,372,679
Fee and Commission Income	7	378,111,392	339,799,004
Other Operating Income	8	162,643,621	70,277,957
Total Operating Income		3,320,750,930	3,024,449,640
Impairment Reversal/ (Charge) for Receivables and Other Losses	9	126,973,390	43,503,798
Net Operating Income		3,447,724,320	3,067,953,438
Expenses			
Personnel Expenses	10.1	(988,664,822)	(876,036,238)
Depreciation & Amortization		(276,194,216)	(245,118,385)
Other Operating Expenses		(1,210,611,837)	(951,513,075)
Operating Profit Before Tax on Financial Services	10	972,253,445	995,285,740
Tax on Financial Services	11	(319,855,562)	(316,712,745)
Profit Before Income Tax		652,397,883	678,572,995
Income Tax Expense	12	(248,162,939)	(269,529,029)
Profit for the Year		404,234,944	409,043,966
Other Comprehensive Income			
Items that will never be Classified to Profit or Loss			
Actuarial (Loss) / Gain on Defined Benefit Plan	32.1	(5,127,105)	5,931,661
Deferred tax on Actuarial (Gain) / Loss	31.1	1,538,131	(1,779,498)
Gain from revaluation of Financial assets measured at FVOCI		64,814	2,078,929
Total Other Comprehensive (Expenses) / Income for the Year, Net of Tax		(3,524,160)	6,231,092
Total Comprehensive Income for the Year		400,710,784	415,275,058
Earnings Per Share	13	2.00	2.02

The Notes on pages 208 through 276 form an integral part of these Financial Statements.
Figures in the brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	2024 Rs.	2023 Rs.
ASSETS			
Cash and Cash Equivalents	15.1	3,825,975,833	2,535,435,379
Placement with Banks	16	254,023,074	1,413,997,184
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	17	463,761,000	-
Financial Assets at Amortised Cost-Hire Purchase Receivables	18.1	-	-
Financial Assets at Amortised Cost-Finance Lease Receivables	18.2	10,935,835,461	8,887,363,654
Financial Assets at Amortised Cost-Loans and Advances	18.3	16,774,011,526	15,309,935,418
Financial Assets Measured at Fair Value Through Other Comprehensive Income	19	2,185,043	2,120,229
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	20	2,478,590,812	2,013,991,655
Other Debtors and Prepayments	21	342,724,160	293,904,793
Deferred Tax Assets	31	93,093,404	113,392,070
Intangible Assets	22	87,824,543	80,387,295
Property, Plant and Equipment	23	638,235,421	623,902,318
Right-Of-Use Assets	24	698,183,417	674,409,159
Total Assets		36,594,443,694	31,948,839,154
LIABILITIES AND EQUITY			
Liabilities			
Bank Overdraft	15.2	531,808,678	4,247,126
Financial Liabilities at Amortised Cost-Due to Customers	25	22,179,510,919	19,195,604,231
Financial Liabilities at Amortised Cost-Interest Bearing Loans and Borrowings	26	6,870,504,334	6,067,366,093
Lease Liabilities	27	839,483,591	757,644,503
Trade and Other Payables	28	599,553,471	475,520,756
Due to Related Companies	29	105,045,746	115,795,362
Current Tax Liabilities	30	92,241,034	228,893,041
Retirement Benefit Obligations	32	161,996,844	128,520,489
Total Liabilities		31,380,144,617	26,973,591,601
Equity			
Stated Capital	33	1,996,444,457	1,996,444,457
Statutory Reserves	34.1	335,410,743	254,563,754
Fair Value Reserve of Financial Assets at FVOCI		2,143,743	2,078,929
Regulatory Loss Allowance Reserve	34.2	51,093,499	-
Retained Earnings		2,829,206,635	2,722,160,413
Total Equity		5,214,299,077	4,975,247,553
Total Liabilities & Equity		36,594,443,694	31,948,839,154
Net Assets Per Share		25.80	24.62
Commitments and Contingencies	38	17,605,064	18,165,065

The Notes on pages 208 through 276 form an integral part of these Financial Statements.

I certify that the financial statements of the Company comply with the requirements of the companies Act 07 of 2007.

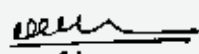


Eraj Fernando

Chief Financial Officer

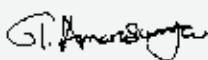
The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for on behalf of the Board,



Aravinda Perera

Chairman



Thushan Amarasuriya

Director/Chief Executive Officer

Colombo.

7th May 2024

STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to Equity Holders of the Company					Total Rs.
		Stated Capital Rs.	Statutory Reserve Fund Rs.	Fair Value Reserve of Financial Assets at FVOCI Rs.	Regulatory Loss Allowance Reserve Rs.	Retained Earnings Rs.	
Balance as at 1st April 2022	33, 34	1,996,444,457	234,111,556	-	-	2,491,075,742	4,721,631,755
Total Comprehensive Income for the Year							
Profit for the Year		-	-	-	-	409,043,966	409,043,966
Other Comprehensive Income		-	-	2,078,929	-	4,152,163	6,231,092
Total Comprehensive Income for the Year		-	-	2,078,929	-	413,196,129	415,275,058
Transactions with Owners, Recognized Directly in Equity							
Distribution to Owners of the Company							
Transferred to/(from) during the year	34	-	20,452,198	-	-	(20,452,198)	-
Dividends		-	-	-	-	(161,659,260)	(161,659,260)
Total Transactions with Equity Owners		-	20,452,198	-	-	(182,111,458)	(161,659,260)
Balance as at 31st March 2023		1,996,444,457	254,563,754	2,078,929	-	2,722,160,413	4,975,247,553
Balance as at 1st April 2023	32, 33	1,996,444,457	254,563,754	2,078,929	-	2,722,160,413	4,975,247,553
Total Comprehensive Income for the year							
Profit for the Year		-	-	-	-	404,234,944	404,234,944
Other Comprehensive Income		-	-	64,814	-	(3,588,974)	(3,524,160)
Total Comprehensive Income for the Year		-	-	64,814	-	400,645,970	400,710,784
Transactions with Owners, Recognized Directly in Equity							
Distribution to Owners of the Company							
Transferred to/(from) during the Year	34	-	80,846,989	-	51,093,499	(131,940,488)	-
Dividends		-	-	-	-	(161,659,260)	(161,659,260)
Total Transactions with Equity Owners		-	80,846,989	-	51,093,499	(293,599,748)	(161,659,260)
Balance as at 31st March 2024		1,996,444,457	335,410,743	2,143,743	51,093,499	2,829,206,635	5,214,299,077

The Notes on pages 208 through 276 form an integral part of these Financial Statements.

CASH FLOW STATEMENT

For the Year Ended 31st March	Note	2024 Rs.	2023 Rs.
Cash Flows from/ (used in) Operating Activities			
Profit Before Tax		652,397,883	678,572,995
Adjustments for			
Non-Cash Items Included In Profit Before Income Tax			
Interest Income from Investing Activities		(767,218,375)	(483,441,140)
Interest Income from Placement with Banks		(493,790,162)	(444,960,436)
Finance Cost		4,769,684,477	4,420,658,428
Depreciation/ Amortisation		276,194,216	245,118,385
Retirement Benefit Obligation	32.1	40,906,400	32,600,107
Allowances for Impairment Charges for Loans and Other Losses	9	(126,973,390)	(43,503,798)
Gain on Disposals of Property, Plant & Equipment		(12,571)	(70,981)
Gain on Mark to Market Valuation of Government Securities		(34,855,739)	-
Gain on Modification of ROU Asset		(873,409)	(1,653,983)
Securitization Issue Cost		8,839,883	49,137,035
Debenture Issue Cost		2,547,791	4,178,597
Operating Profit Before Changes in Operating Assets And Liabilities		4,326,847,004	4,456,635,209
Changes in;			
(Increase)/ Decrease in Lease Rentals Receivables		(1,867,776,207)	4,175,801,634
Decrease in Hire Debtors		-	2,368,882
Increase in Loans and Advances		(1,517,798,318)	(1,981,961,868)
Increase in Other Debtors And Prepayments		(48,819,367)	(47,396,630)
Increase in Public Deposits		2,613,853,081	6,083,255,534
(Decrease)/ Increase in Amounts Due to Related Companies		(10,749,616)	43,334,542
Increase/ (Decrease) in Trade and Other Payables		122,884,183	(238,218,162)
Cash Flows from Operations		3,618,440,760	12,493,819,141
Finance Costs Paid		(4,691,079,357)	(3,281,245,055)
Retiring Gratuity Paid	32	(12,557,150)	(5,045,509)
Gratuity Transfer	32	-	5,440,000
Income Tax Paid	30	(362,978,149)	(337,510,689)
Net Cash Generated from/ (used in) Operating Activities		(1,448,173,896)	8,875,457,888
Cash Flows from/ (used in) Investing Activities			
Acquisition of Property Plant & Equipment		(153,094,838)	(294,097,565)
Proceeds from Disposals of Property, Plant and Equipment		861,231	237,000
Incurred on Software Development	22.1	(21,076,412)	(22,732,171)
Net Change in Investment Securities		(753,208,126)	(513,734,267)
Net Change in Bank Deposits		1,141,976,244	(1,214,129,041)
Interest Income Received		1,138,710,111	818,705,019
Net Cash Flows from/ (used in) Investing Activities		1,354,168,210	(1,225,751,025)
Cash Flows from/ (used in) Financing Activities			
Proceeds from Securitization Loan	26.3	-	2,000,000,000
Loans Obtained during the Year from Banks	26.2	9,150,000,000	2,450,000,000
Lease Rentals Paid	27	(168,898,142)	(201,366,935)
Repayment of Bank Loans	26.2	(5,664,906,481)	(6,145,688,705)
Repayment of Debenture		(1,003,000,000)	-
Repayment of Securitization Loan	26.3	(1,295,600,000)	(3,268,661,755)
Securitization Loan Issue Cost		(100,061)	(30,401,658)
Dividends Paid		(160,510,728)	(160,052,296)
Net Cash Flows from/ (used in) Financing Activities		856,984,588	(5,356,171,348)
Net increase in Cash and Cash Equivalents		762,978,902	2,293,535,515
Cash And Cash Equivalents at the beginning of the Year		2,531,188,253	237,652,738
Cash And Cash Equivalents at the end of the Year	15	3,294,167,155	2,531,188,253

The Notes on pages 208 through 276 form an integral part of these Financial Statements.
Figures in the brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

1.1. Reporting Entity

1.1.1. General

Singer Finance (Lanka) PLC ("Company"), a Licensed Finance Company registered under the Finance Business Act No. 42 of 2011, was incorporated on 19th April 2004 as a Public Limited Liability Company domiciled in Sri Lanka under the provisions of the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007.

The registered office of the Company is located at No. 498, R. A. De Mel Mawatha, Colombo 3 and the principal place of business is situated at the same place.

The Company was listed on the Main Board of the Colombo Stock Exchange on 17th January 2011.

The Staff strength of the Company as at 31st March 2024 was 942 (751 as at 31st March 2023).

1.1.2. Principal Activities and Nature of Operations

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

There were no significant changes in the nature of the principal business activities of the Company during the financial year under review.

1.1.3. Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Singer (Sri Lanka) PLC. The Company's ultimate parent undertaking and controlling party is Hayleys PLC, which is incorporated in Sri Lanka.

1.2. Basis of Preparation

1.2.1. Statement of Compliance

The Financial Statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 7 of 2007 and the Finance

Business Act No. 42 of 2011 and amendments thereto, and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

1.2.2. Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of these Financial Statements as per the provisions of the Companies Act No. 7 of 2007 and SLFRSs and LKASs.

The Board of Directors acknowledges their responsibility for Financial Statements as set out in the "Annual Report of the Board of Directors on the Affairs of the Company", "Statement of Director's Responsibilities" and the Certification on the Statement of Financial Position.

These Financial Statements include the following components:

- A Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Company for the year under review.
- A Statement of Financial Position providing the information on the financial position of the Company as at the year-end.
- A Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Company.
- A Statement of Cash Flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and utilization of those cash flows.
- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

1.2.3. Approval of Financial Statement

The Financial Statements for the year ended 31st March 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 07th May 2024

1.2.4. Basis of Measurement

The Financial Statements have been prepared on an accrual basis except

for cash flow information and under the historical cost basis except for following material items in the statement of financial position:

- Financial assets measured at fair value through profit or loss (FVTPL)
- Financial Assets measured at Fair Value through Other Comprehensive Income.
- Liabilities for defined benefit obligations are recognised using an actuarial technique (projected unit credit method)

1.2.5. Functional and Presentation Currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the Functional Currency).

There was no change in the Company's Presentation and Functional Currency during the year under review.

These Financial Statements are presented in Sri Lankan Rupees, the Company's Functional and Presentation Currency.

1.2.6. Presentation of Financial Statements

The assets and liabilities of the Company presented in the Statements of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

No adjustments have been made for inflationary factors affecting the Financial Statements.

An analysis on recovery or settlement within 12 months after the reporting date (current), and more than

12 months after the reporting date (non-current) is presented in Note 36 to the Financial Statements.

1.2.7. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 01 on "Presentation of Financial Statements".

1.2.8. Going Concern Basis for Accounting

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management has assessed the existing and anticipated effects of current economic condition on the Company, and is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continue to be prepared on a going concern basis.

1.2.9. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

1.2.10. Rounding

The amounts in the Financial Statements have been rounded off to the nearest Rupee, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 01 on “presentation of Financial Statements”.

1.2.11. Comparative Information

Comparative information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

1.2.12. Events After the Reporting Date

Events after the reporting date are those events, favourable and unfavourable, that occur between the Reporting date and the date when the Financial Statements are authorised for issue.

In this regard, all material and important events that occurred after the Reporting Period have been considered and appropriate disclosures are made in the Financial Statements where necessary.

1.2.13. Use of Judgments and Estimates

In preparing the Financial Statements of the Company in conformity with SLFRSs and LKASs the management has made judgments, estimates and assumptions which affect the application of Accounting Policies and the reported amounts of assets, liabilities, income and

expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The most significant areas of estimation, uncertainty and critical judgments in applying Accounting Policies that have most significant effect on amounts recognised in the Financial Statements of the Company are as follows:

Note 14.2 - Fair Value Measurement

Note 9 - Impairment of Financial Assets

Note 23 - Useful life of Property, Plant and Equipment

Note 3.1 - Impairment of Non-Financial Assets

Note 32 - Employee Benefit

Note 31 - Deferred Taxation

Note 38 - Commitments and Contingencies

Note 27 - Determination of Lease Term and Estimating incremental Borrowing Rate.

2. Changes in Material Accounting Policies

The Company has consistently applied the Accounting Policies as set out in Notes 3 to 40 on pages 209 to 271 to all periods presented in these Financial Statements, except for the following new amendments applied,

Differed Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LAKS 12

Disclosure of Accounting Policies - Amendments to LAKS 1 and SLFRS Practice Statement 2

3. Material Accounting Policies

The Company has consistently applied the following significant accounting policies to all periods presented in the Financial Statements by the Company, except as mentioned otherwise.

The Institute of Chartered Accountants of Sri Lanka has issued number of new amendments to Sri Lanka Accounting Standards (SLFRSs / LKASs) that are effective for the current financial year. These amendments and interpretations did not have any significant impact on the reported Financial Statements of the Company.

In addition, the Company adopted Disclosures of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1 April 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies themselves.

3.1 Impairment of Non-Financial Assets

At each Reporting date, the Company reviews the carrying amounts of its non – financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, 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 is largely independent of the cash inflows of other assets or CGUs.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related Cash-Generating unit (CGU) exceeds its estimated recoverable amount.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill

NOTES TO THE FINANCIAL STATEMENTS

allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

3.2 Dividend Payable

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

3.3 Deposits due to Customers

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

3.4 Deposit Insurance Scheme

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

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

- Deposit liabilities to member institutions
- Deposit liabilities to Government of Sri Lanka
- Deposit liabilities to shareholders, directors, key management personnel and other related parties as defined in Finance Companies Act Direction No 3 of 2008 on Corporate Governance of Registered Finance Companies
- Deposit liabilities held as collateral against any accommodation granted
- Deposit liabilities falling within the

meaning of dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to Central Bank of Sri Lanka

Registered Finance Companies are required to pay a premium of 0.15% p.a. on eligible deposit liabilities as at end of the month to be payable within a period of 15 days from the end of the respective month.

3.5 Debt Securities Issued and Subordinated Term Debts

These represent the funds borrowed by the Company for long-term funding requirements. Subsequent to initial recognition debt securities issued are measured at their amortised cost using the effective interest method, except where the Company designates debt securities issued at fair value through profit or loss. Interest paid / payable is recognised in profit or loss.

3.6 Crop Insurance Levy (CIL)

As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from April 1, 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% p.a. of the profit after tax.

3.7 Withholding Tax on Dividends Distributed by the Company

Withholding tax that arises from the distribution of dividends by the Company is recognised at the time the liability to pay the related dividend is recognised.

3.8 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "Indirect Method" of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard LKAS - 07 "Cash Flow Statements". Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalent include cash in hand and favorable and/ or unfavourable balances with banks.

4. New Accounting Standards Issued but Not Yet Effective

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/LKASs) that are

effective for annual periods beginning after the 1 April 2023. Accordingly, the Company has not early adopted these amendments in preparing these Financial Statements.

4.1 Other Standards

The following amended standards and interpretations are not expected to have a significant impact on the Company's Financial Statements.

- Classifications of Liabilities as Current or Non-current and Noncurrent Liabilities with Covenants (Amendments to LKAS 1).
- Supplier finance arrangements (Amendment to LKAS 1 and SLFRS 7)
- Lease Liability in a sales and lease leaseback (Amendment to SLFRS 16)
- Lack of exchangeability (Amendment to LKAS 21)
- Insurance Contracts (SLFRS 17)

5 Gross Income

Accounting Policy

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

For the Year Ended 31st March		2024	2023
		Rs.	Rs.
5.1	Summary		
	Gross Income	8,113,371,027	7,552,900,314
5.2	Analysis of Gross Income		
	Interest Income (Note 6.1)	7,572,616,014	7,142,823,353
	Fee and Commission Income (Note 7)	378,111,392	339,799,004
	Other Operating Income (Note 8)	162,643,621	70,277,957
		8,113,371,027	7,552,900,314

6 Net Interest Income

Accounting Policy

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

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

Interest income and expense presented in the Income Statement include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated using EIR method;
- Over Due Interest which have been accounted for on a cash received basis;

For the Year Ended 31st March		2024	2023
		Rs.	Rs.
	Interest Income (Refer Note 6.1)	7,572,616,014	7,142,823,353
	Less : Interest Expense (Refer Note 6.2)	(4,792,620,097)	(4,528,450,674)
	Net Interest Income	2,779,995,917	2,614,372,679

6.1 Interest Income

For the Year Ended 31st March		2024	2023
		Rs.	Rs.
	Interest Income on Hire Purchase Receivables	-	-
	Interest Income on Lease Receivables	1,930,655,620	2,068,593,694
	Interest Income on Loans and Advances	3,693,781,588	3,504,292,356
	Income on Financial Instruments at amortised cost	767,218,375	483,441,140
	Interest Income on Placements with Banks	493,790,162	444,960,436
	Interest Income on Inter Company Receivables	455,584	18,010,323
	Interest on Over Due Rentals	686,714,685	623,525,404
		7,572,616,014	7,142,823,353

NOTES TO THE FINANCIAL STATEMENTS

6.2 Interest Expense

For the Year Ended 31st March	2024 Rs.	2023 Rs.
Interest on Other Financial Liabilities Due to Customers	3,889,398,473	2,839,297,831
Interest on Bank Loans	284,106,205	409,806,883
Interest on Lease Liabilities - SLFRS 16	103,194,403	91,418,849
Interest on Inter Company Payables	4,068,267	6,223,812
Interest on Debentures	347,499,767	488,908,252
Securitization Issue Cost	8,839,883	49,137,035
Interest on Securitization Loans	148,033,419	595,405,209
Interest on Bank Overdrafts	7,479,680	48,252,803
	4,792,620,097	4,528,450,674

7 Fee and Commission Income

Accounting Policy

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

For the Year Ended 31st March	2024 Rs.	2023 Rs.
Service Charge Income	278,919,152	240,366,968
Commission Income	4,660,362	8,646,494
Reimbursement Fee Credit Cards	963,063	495,957
Insurance Commission Income	92,921,588	89,886,133
Suraksha Income	-	71,411
Other Credit and Debit Card Related Income	647,227	332,041
	378,111,392	339,799,004

8 Other Operating Income

For the Year Ended 31st March	2024 Rs.	2023 Rs.
Income from Foreign Exchange Operations	1,374,430	595,929
(Loss)/ Gain on Translation of Foreign Currency	(3,153,589)	12,059,919
Unwinding Interest Income on Employee Loans	19,402,518	10,382,345
Gain on Disposal of Property, Plant and Equipment	12,571	70,981
Gain on Mark to Market Valuation T-Bonds	34,855,739	-
Gain on Modification of ROU Asset	873,409	1,653,983
Loan Loss Recoveries	13,042,288	8,327,388
Credit Income	42,246,099	4,714,589
Income on Closure	880,206	565,539
Other Income	53,109,950	31,907,284
	162,643,621	70,277,957

9 Impairment Charges for Receivables and Other Losses

Accounting Policy

The Company recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at Fair Value through Profit and Loss (FVTPL):

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

No impairment loss is recognised on equity investments.

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

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

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

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to stage 2 are those that have experience a significant increase in credit risk since initial recognition but are not credit impaired.

Financial instruments for which lifetime ECL are recognise and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Measurement of ECL

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

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

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

Probability of Default (PD)

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

NOTES TO THE FINANCIAL STATEMENTS

Loss Given Default (LGD)

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

Exposure at Default (EAD)

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

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

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

The mechanics of the ECL method are summarised below:

Stage 1 : The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2 : When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3 : For loans considered credit-impaired the Company recognises the lifetime expected credit losses. The method is similar to that of Stage 2 assets, with the PD set at 100%.

Restructured Financial Assets

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

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

Significant Increase in Credit Risk (SICR)

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

The Company considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due.

Credit-Impaired Financial Assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

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

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

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

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

Presentation of Allowance for ECL in the Statement of Financial Position.

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

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

Collateral Repossessed

The Company's policy is to sell the repossessed assets at the earliest possible opportunity. Such collateral repossessed are held on a memorandum basis without de recognising the underlying receivable.

Write-off

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March	2024 Rs.	2023 Rs.
Impairment (Reversals) / Charges on Hire Purchase Receivable (Note 18.1.2)	101,739	(2,368,580)
Impairment (Reversals) / Charges on Lease Receivable (Note 18.2.4)	(180,695,600)	(109,116,581)
Impairment Charges on Loans and Advances (Note 18.3.4)	53,620,471	67,981,363
	(126,973,390)	(43,503,798)

10 Profit from ordinary activities before Tax on Financial Services and Tax Stated after charging all expenses including the following:

For the Year Ended 31st March	2024 Rs.	2023 Rs.
Auditors' Remuneration - Statutory Audit	1,590,400	1,420,000
- Audit Related Services	2,009,615	1,952,512
- Non-Audit Services	1,772,755	1,127,068
Amortization of Intangible Assets	13,639,164	11,803,413
Depreciation of Property Plant and Equipment	137,913,074	114,482,038
Depreciation of Right-Of-Use Assets	124,641,979	118,832,934
Legal Expenses	4,583,990	1,850,000
Personnel Expenses (Note 10.1)	988,664,822	876,036,238
Operating Lease Rentals	8,708,164	10,865,060
Deposit Insurance Expense	31,050,083	23,287,865

10.1 Personnel Expenses

Accounting Policy

Personal Expenses includes salaries and bonus, terminal benefits expenses and other employee related expenses.

The provision for bonus is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimates can be made on the amount of the obligation.

For the Year Ended 31st March	2024 Rs.	2023 Rs.
Salaries and Other Staff Related Expenses	818,896,748	737,109,230
Directors' Remuneration	33,423,157	25,367,532
Defined Benefit Plan Costs -Retiring Gratuity (Note 32.1)	40,906,399	32,600,107
Defined Contribution Plan Costs - MSPS and ETF	95,438,518	80,959,369
	988,664,822	876,036,238

11 Tax on Financial Services

Accounting Policy

Tax on Financial Services include Tax on Financial Services, Nation Building Tax on Financial Services, and Social Security Contribution Levy.

Value Added Tax on Financial Services (VAT)

The value base for the computation of value added tax on financial services is calculated by adjusting the depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before Income Tax and emoluments payable. Emoluments payable include cash benefits, non-cash benefits and provisions relating to terminal benefits.

Nation Building Tax on Financial Services (NBT)

With effect from January 01, 2014, NBT of 2% was introduced on supply of financial services via an amendment to the NBT Act No. 09 of 2009. NBT was chargeable on the same base used for calculation of VAT on Financial Services as explained in notes to the Financial Statements.

As per notice published by the Department of Inland Revenue dated January 20, 2020, NBT was abolished with effect from December 01, 2019.

Social Security Contribution Levy (SSCL)

Social Security Contribution Levy came into effect from 1st October 2022. The base of the Calculation of Social Security Contribution Levy is the value addition attributable to financial services which includes operating profit before taxes on financial services adjusted for emoluments of employees and economic depreciation. SSCL rate applied during 2023/24 was 2.5%.

For the Year Ended 31st March	2024 Rs.	2023 Rs.
Value Added Tax (VAT)	280,807,587	290,001,810
Nation Building Tax (NBT)	-	(708,891)
Social Security Contribution Levy (SSCL)	39,047,975	27,419,826
	319,855,562	316,712,745

12 Income Tax Expense

Accounting Policy

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement, except to the extent it relates to items recognised directly in Equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current Taxation

'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. It is measured using tax rates enacted or substantively enacted, at the Reporting date.

Accordingly, provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

Notes to Financial Statements include the major components of tax expense, the effective tax rates and a reconciliation between the profit before tax and tax expense, as required by the Sri Lanka Accounting Standard – LKAS 12 on 'Income Taxes'.

The Company estimates and provides for potential losses and settlements that arise out of uncertain income tax positions to the extent that such losses are probable and can be estimated.

Deferred Taxation

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

Effect of changes in tax rate in previous year

The Inland Revenue (Amendment) Act No 45 of 2022 was certified by the Speaker on 19th December 2022. The standard rate of income tax has been increased to 30% from 24% w.e.f. 1st October 2022. The increase in income tax rate to 30% in mid-year has resulted in two tax rates being applicable for the Year of Assessment 2022/23. The Company has computed the current tax payable on a pro-rata basis for the Year of Assessment 2022/23.

NOTES TO THE FINANCIAL STATEMENTS

Treatment of impairment charges

As per Part I : Sec. (I) of the Gazette notification issued on 25th October 2022 under sub section (2) and (3) of section 66 of the Inland revenue Act, No. 24 of 2017, the impairment charges of Stage 3 credit facilities classified as per Sri Lanka Accounting Standards (SLFRS 9) have been considered as an allowable deduction (after adjusting for specifications given under section 1 of schedule 1 of the said Gazette notification).

For the Year Ended 31st March	2024 Rs.	2023 Rs.
Current Income Tax Expense (Note 12.2)	252,126,142	306,025,823
Over Provision in respect of Prior Years	(25,800,000)	-
	226,326,142	306,025,823
Deferred Tax (Reversal) / Expenses (Note 31.1)	21,836,797	(36,496,794)
Income Tax Charge for the Year (Note 12.1)	248,162,939	269,529,029

12.1 Reconciliation between income tax expenses and the accounting profit.

Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act. No. 24 of 2017 and the amendments thereto at the schedule specified below.

For the Year Ended 31st March	2024 Rs.	2023 Rs.
Accounting Profit Before tax	652,397,883	678,572,995
Tax expenses as per accounting profit (24%)	-	81,428,759
Tax expenses as per accounting profit (30%)	195,719,365	101,785,949
Adjustments		
Tax effect of Capital Portion of Lease Rentals	2,975,796	31,420,899
Tax effect of Disallowed Expenses	171,292,928	188,317,787
Tax effect of Deductible Expenses	(117,808,091)	(96,963,571)
Allowable Credits	(53,856)	-
Tax on Dividend	-	36,000
Tax on Business Profit (based on taxable profit)	252,126,142	306,025,823
Over Provision in respect of Prior Years	(25,800,000)	-
	226,326,142	306,025,823
Deferred Tax Expense/(Reversal) (Note 31.1)	21,836,797	(36,496,794)
Income tax expenses reported in the Statement of Profit or Loss and Other Comprehensive Income at the effective tax rate	248,162,939	269,529,029

12.2 Reconciliation between Tax Expense and the Accounting Profit based on the Statutory Tax Rate

For the Year Ended 31st March 2024	Leasing Business Rs.	Other Business Rs.	Total Rs.
Accounting Profit Before Tax	203,925,896	448,471,987	652,397,883
Adjustments			
Disallowable Expenses	162,362,402	418,533,343	580,895,745
Allowable Expenses	(109,759,251)	(282,934,384)	(392,693,635)
Total Statutory Income	256,529,047	584,070,946	840,599,993
Less : Qualifying Payments	-	-	-
Total Taxable Income	256,529,047	584,070,946	840,599,993
Profits from Dividend	-	(179,520)	(179,520)
Balance Taxable Income	256,529,047	583,891,426	840,420,473
Income Tax Rate (%)			
For Profits From Dividend	-	-	-
For Balance Taxable Income	30	30	-
Tax on Profits from Dividend	-	-	-
Tax on Balance Taxable Income	76,958,714	175,167,428	252,126,142
Effective Tax Rate (Excluded Deferred Tax) (%)	37.74	39.06	38.65
Effective Tax Rate (Included Deferred Tax) (%)			38.04
Income Tax (Note 12)	76,958,714	175,167,428	252,126,142

For the Year Ended 31st March 2023	Leasing Business Rs.	Other Business Rs.	Total Rs.
Accounting Profit Before Tax	227,618,206	450,954,789	678,572,995
Adjustments			
Disallowable Expenses	345,781,765	468,065,219	813,846,984
Allowable Expenses	(115,071,677)	(243,812,661)	(358,884,338)
Total Statutory Income	458,328,294	675,207,347	1,133,535,641
Less : Qualifying Payments	-	-	-
Total Taxable Income	458,328,294	675,207,347	1,133,535,641
Profits from Dividend	-	240,000	240,000
Balance Taxable Income	458,328,294	674,967,347	1,133,295,641
Income Tax rate (%)			
For Profits From Dividend	-	15	15
For Balance Taxable Income- from 01st April 2022 to 30th September 2022	24	24	24
For Balance Taxable Income- w.e.f. 01st October 2022	30	30	30
Tax on Profits from Dividend	-	36,000	36,000
Tax on Balance Taxable Income- from 01st April 2022 to 30th September 2022	54,999,395	80,996,082	135,995,477
Tax on Balance Taxable Income- w.e.f. 01st October 2022	68,749,244	101,245,102	169,994,346
Effective Tax Rate (Excluded Deferred Tax) (%)	54.37	40.42	45.10
Effective Tax Rate (Included Deferred Tax) (%)			39.72
Income Tax (Note 12)	123,748,639	182,277,184	306,025,823

NOTES TO THE FINANCIAL STATEMENTS

13 Earnings Per Share

Accounting Policy

Basic Earning Per Share (EPS) is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding as at the reporting date as required by LKAS 33 "Earning Per Share". 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.

For the Year Ended 31st March		2024	2023
		Rs.	Rs.
Amount Used as the Numerator			
Profit Attributable to Equity Holders of the Company (Rs.)		404,234,944	409,043,966
Amount Used as the Denominator			
Weighted Average number of Ordinary Shares in issue (Note 13.1)		202,074,075	202,074,075
Basic Earnings per Share (Rs.)		2.00	2.02
13.1 Weighted Average Number of Ordinary Shares			
Issued Ordinary Shares at the beginning of the Year		202,074,075	202,074,075
Number of Ordinary Shares at the end of the Year		202,074,075	202,074,075
Weighted Average number of Ordinary Shares at the end of the Year		202,074,075	202,074,075

13.2 Diluted Earnings per Share

There were no potentially dilutive ordinary shares as at 31st March 2024 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date which would require restatement of EPS.

14 Classification of Financial Assets and Financial liabilities

Accounting Policy

i) Recognition and initial measurement

The Company initially recognises Lease and Hire Purchase receivables, loans and advances, deposits and debt securities issued on the date on which they are originated. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs. For an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

"Day 1" Profit or Loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Company recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Interest Income and Personnel Expenses'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the Profit or Loss when the inputs become observable, or when the instrument is de-recognised. The 'Day 1 loss' arising in the case of loans granted to employees at concessionary rates under uniformly applicable schemes is deferred and amortised using Effective Interest Rates (EIR) over the remaining service period of the employees or tenure of the loan whichever is shorter.

ii) Classification

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVTPL.

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI.

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

All other financial assets are classified and measured at FVTPL.

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

Business model assessment

The Company makes an assessment of the objective of a business model in which an 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. in particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets
- how the performance of the portfolio is evaluated and reported to the Company's management
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for 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 in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI Test)

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 profit margin.

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

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- contingent events that would change the amount and timing of cash flows;
- leverage features
- prepayment and extension terms
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements) and
- features that modify consideration of the time value of money.(e.g. periodical reset of interest rates.)

iii) Financial assets – Subsequent measurement and gains and losses

Reclassifications

Financial Assets are not reclassified subsequent to their initial recognition except in the period after the Company changes its business model for managing financial assets.

Financial Liabilities

The Company classifies its financial liabilities other than financial guarantees and loan commitments as measured at amortised cost Using the effective interest method.

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.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.
Financial assets measured at fair value through profit or loss	These assets are subsequently measured at fair value. Interest income and any changes in fair value are recognised in profit or loss.

iv) Derecognition

Financial Assets

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that have been recognized in OCI is recognized in profit or loss.

The Company enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset or a portion of them in such cases the transferred assets are not derecognized.

When the assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale – and – repurchase transaction, because the company retains all the old or substantially all of the risks and rewards of ownership of such assets.

In transaction in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the assets, the Company continues to recognize its assets to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Company retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or a liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial Liabilities

A financial liability is de-recognised when the obligation under liability is discharged or cancelled or expired. On derecognition of financial liability, the difference between the carrying amount extinguished and the consideration paid including any non- cash assets transferred or liabilities assumed is recognized in profit or loss.

Reclassification of Financial Assets and Liabilities

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

v) Modifications of Financial Assets and Liabilities

Financial Assets

If the terms of the financial assets are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different then the contractual right to cash flows from the original financial assets are deemed to have expired. In this case, the original financial asset is derecognized and new financial asset is recognized at fair value plus any eligible transaction cost. Any fees received as a part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction cost are included in the initial measurement of the assets; and
- other fees are included in profit or loss as part of the gain or the loss on derecognition.

If the cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts result of the qualitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the result in adjustment as a modification gain or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any cost or fee incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining terms of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower then the gain or the loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

During the year, the Company has granted moratorium facilities to some customers as per the guidance of the Central Bank of Sri Lanka. Accordingly, the respective financial assets have been assessed for contract modification to incorporate the changes to the repayment terms of the moratorium customers.

There were no contracts modification during the financial year. Further, no contracts were transferred from lifetime expected credit loss to 12-month expected credit loss subsequent to the modifications.

Financial Liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities the effect, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any

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cost and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the financial liability by recomputing the effective interest rate on the instrument.

vi) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Income and expenses are presented on a net basis only when permitted under SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

Amortised Cost Measurement

An 'Amortised Cost' of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

14.1 Classification of Financial Assets and Financial Liabilities

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.

As at 31st March 2024		Amortised Cost	Fair Value Through OCI	Fair value through P&L	Other Financial Liabilities	Total	Fair Value	Fair Value Measurement Level
Note		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Financial Assets								
Cash and Cash Equivalents	15.1	3,825,975,833	-	-	-	3,825,975,833	-	-
Placement with Banks	16	254,023,074	-	-	-	254,023,074	-	-
Financial Assets at Amortised Cost-Hire Purchase Receivables	18.1	-	-	-	-	-	-	-
Financial Assets at Amortised Cost-Finance Lease Receivables	18.2	10,935,835,461	-	-	-	10,935,835,461	-	-
Financial Assets at Amortised Cost-Loans and Advances	18.3	16,774,011,526	-	-	-	16,774,011,526	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	19	-	2,185,043	-	-	2,185,043	2,185,043	Level 3
Financial Assets Measured at Fair Value through Profit or Loss (FVTPL)	17	-	-	463,761,000	-	463,761,000	463,761,000	Level 2
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	20	2,478,590,812	-	-	-	2,478,590,812	2,492,915,184	Level 2
Loans to Employees	21.1	90,108,750	-	-	-	90,108,750	-	-

As at 31st March 2024		Amortised Cost	Fair Value Through OCI	Fair value through P&L	Other Financial Liabilities	Total	Fair Value	Fair Value Measurement Level
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Total Financial Assets		34,358,545,456	2,185,043	463,761,000	-	34,824,491,499	2,958,861,227	-
Financial Liabilities								
Other Financial Liabilities Due to Customers	25	-	-	-	22,179,510,919	22,179,510,919	-	-
Debentures	26.1	-	-	-	2,227,690,500	2,227,690,500	-	-
Bank Loans	26.2	-	-	-	4,035,176,978	4,035,176,978	-	-
Securitization Loans	26.3	-	-	-	607,636,856	607,636,856	-	-
Due to Related Companies	29.1	-	-	-	105,045,746	105,045,746	-	-
Lease Liabilities	27	-	-	-	839,483,591	839,483,591	-	-
Bank Overdrafts	15.2	-	-	-	531,808,678	531,808,678	-	-
Trade Payables	28	-	-	-	108,175,642	108,175,642	-	-
Total Financial Liabilities		-	-	-	30,634,528,910	30,634,528,910	-	-

As at 31st March 2023		Amortised Cost	Fair Value Through OCI	Fair value through P&L	Other Financial Liabilities	Total	Fair Value	Fair Value Measurement Level
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Financial Assets								
Cash and Cash Equivalents	15.1	2,535,435,379	-	-	-	2,535,435,379	-	-
Placement with Banks	16	1,413,997,184	-	-	-	1,413,997,184	-	-
Financial assets at amortised cost-Hire Purchase Receivables	18.1	-	-	-	-	-	-	-
Financial Assets at amortised cost-Finance Lease Receivables	18.2	8,887,363,654	-	-	-	8,887,363,654	-	-
Financial Assets at amortised cost-Loans and Advances	18.3	15,309,935,418	-	-	-	15,309,935,418	-	-
Financial Assets measured at fair value through Other Comprehensive Income	19	-	2,120,229	-	-	2,120,229	2,120,229	Level 3
Financial Assets at amortised cost-Debt and Other Financial Instruments	20	2,013,991,655	-	-	-	2,013,991,655	2,036,484,836	Level 2
Loans to Employees	21.1	77,234,459	-	-	-	77,234,459	-	-
Total Financial Assets		30,237,957,749	2,120,229	-	-	30,240,077,978	2,038,605,065	-

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As at 31st March 2023		Amortised Cost	Fair Value Through OCI	Fair value through P&L	Other Financial Liabilities	Total	Fair Value	Fair Value Measurement Level
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Financial Liabilities								
Other Financial Liabilities Due to Customers	25	-	-	19,195,604,231	19,195,604,231	-	-	
Debentures	26.1	-	-	3,453,828,434	3,453,828,434	-	-	
Bank Loans	26.2	-	-	539,847,048	539,847,048	-	-	
Securitization Loans	26.3	-	-	2,073,690,611	2,073,690,611	-	-	
Due to Related Companies	29.1	-	-	115,795,362	115,795,362	-	-	
Lease Liabilities	27	-	-	757,644,503	757,644,503	-	-	
Bank Overdrafts	15.2	-	-	4,247,126	4,247,126	-	-	
Trade Payables	28	-	-	17,427,757	17,427,757	-	-	
Total Financial Liabilities		-	-	26,158,085,072	26,158,085,072	-	-	

Amortized cost for Hire Purchase receivables, Lease receivables, Loans and Advances and Liabilities is computed using market interest rate. Therefore amortized cost is a reasonable approximation to its Fair value. The Company has used market yield rates published by Central Bank for the fair value computation of Financial assets at amortised cost-Debt and other financial instruments and Financial assets measured at fair value through profit or loss (FVTPL).

Net assets of the investment is considered as the fair value of unquoted equity shares (Financial assets measured of fair value through other comprehensive income) due to the absence of most recent exist prices.

14.2 Fair value measurement

Accounting Policy

'Fair Value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of the instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transaction for the asset or liability taken place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments - e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure - are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

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

14.3 Fair Values of Financial Instruments

The following table shows an analysis of assets and liabilities recorded at fair value by level of fair value hierarchy. The amounts are based on the values recognised in the statement of financial position.

Net assets value per share (2023/24-Rs. 21,850, 2022/23- Rs. 21,202) of the investment is considered as the fair value of unquoted equity shares of the investment is considered as the fair value of unquoted equity shares

As at 31st March 2024		Level 1	Level 2	Level 3	Total
	Note	Rs.	Rs.	Rs.	Rs.
Financial Assets measured at Fair Value through Other Comprehensive Income	19	-	-	2,185,043	2,185,043
		-	-	2,185,043	2,185,043
As at 31st March 2023		Level 1	Level 2	Level 3	Total
	Note	Rs.	Rs.	Rs.	Rs.
Financial Assets measured at Fair Value through Other Comprehensive Income	19	-	-	2,120,229	2,120,229
		-	-	2,120,229	2,120,229

There were no transfers between levels of the fair value hierarchy during the periods 2023/24 and 2022/23.

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14.4 Fair Value of Financial Assets and Financial Liabilities Not Carried at Fair Value

Financial Assets and Financial Liabilities not carried at fair value are disclosed under the category Amortised Cost. The values reported under Amortised Cost category are comparable to their fair value.

As at 31st March 2024		Carrying Value	Fair Value	Level 1	Level 2	Level 3
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets						
Cash and Cash Equivalents	15.1	3,825,975,833	3,825,975,833	-	-	-
Placement with Banks		254,023,074	254,023,074	-	-	-
Financial Assets at amortised cost-Hire Purchase Receivables	18.1	-	-	-	-	-
Financial Assets at amortised cost-Finance Lease Receivables	18.2	10,935,835,461	10,935,835,461	-	-	-
Financial Assets at amortised cost-Loans and Advances	18.3	16,774,011,526	16,774,011,526	-	-	-
Financial Assets at amortised cost-Debt and Other Financial Instruments	20	2,478,590,812	2,492,915,184	-	2,478,590,812	-
Loans to employees	21.1	90,108,750	90,108,750	-	-	-
		34,358,545,456	34,372,869,828	-	2,478,590,812	-
Financial Liabilities						
Financial Liabilities at amortised cost-Due to Customers	25	22,179,510,919	22,179,510,919	-	22,179,510,919	-
Debentures	26.1	2,227,690,500	2,227,690,500	-	2,227,690,500	-
Bank Loans	26.2	4,035,176,978	4,035,176,978	-	4,035,176,978	-
Securitization Loans	26.3	607,636,856	607,636,856		607,636,856	-
Due to Related Companies	29.1	105,045,746	105,045,746	-	-	-
Lease Liabilities	27	839,483,591	839,483,591			
Bank Overdrafts	15.2	531,808,678	531,808,678	-	-	-
Trade Payables	28	108,175,642	108,175,642	-	-	-
		30,634,528,910	30,634,528,910	-	29,050,015,253	-

As at 31st March 2023		Carrying Value	Fair Value	Level 1	Level 2	Level 3
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets						
Cash and Cash Equivalents	15.1	2,535,435,379	2,535,435,379	-	-	-
Placement with Banks		1,413,997,184	1,413,997,184	-	-	-
Financial Assets at amortised cost-Hire Purchase Receivables	18.1	-	-	-	-	-
Financial Assets at amortised cost-Finance Lease Receivables	18.2	8,887,363,654	8,887,363,654	-	-	-
Financial Assets at amortised cost-Loans and Advances	18.3	15,309,935,418	15,309,935,418	-	-	-
Financial Assets at amortised cost-Debt and Other Financial Instruments	20	2,013,991,655	2,036,484,836	-	2,013,991,655	-
Loans to employees	21.1	77,234,459	77,234,459	-	-	-
		30,237,957,749	30,260,450,930	-	2,013,991,655	-
Financial Liabilities						
Financial Liabilities at amortised cost-Due to Customers	25	19,195,604,231	19,195,604,231	-	19,195,604,231	-
Debentures	26.1	3,453,828,434	3,453,828,434	-	3,453,828,434	-
Bank Loans	26.2	539,847,048	539,847,048	-	539,847,048	-
Securitization Loans	26.3	2,073,690,611	2,073,690,611	-	2,073,690,611	-
Due to Related Companies	29.1	115,795,362	115,795,362	-	-	-
Lease Liabilities	27	757,644,503	757,644,503	-	-	-
Bank Overdrafts	15.2	4,247,126	4,247,126	-	-	-
Trade Payables	28	17,427,757	17,427,757	-	-	-
		26,158,085,072	26,158,085,072	-	25,262,970,324	-

15 Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents comprise of cash in hand and cash at bank and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to an insignificant risk of changes in their fair value

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

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

15.1 Favorable Cash and Cash Equivalent Balances

As at 31st March		2024	2023
		Rs.	Rs.
Cash in Hand		285,777,043	255,139,436
Cheques in Hand		87,091,006	103,195,627
Cash at Banks in Local Currency		3,424,975,279	2,145,517,705
Cash at Banks in Foreign Currency		28,132,505	31,582,611
		3,825,975,833	2,535,435,379
Unfavorable Cash and Cash Equivalent Balances			
Bank Overdrafts		(531,808,678)	(4,247,126)
Net Cash and Cash Equivalents for the purpose of Cash Flow Statement		3,294,167,155	2,531,188,253

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16 Placements with Banks

Accounting Policy

Placement with banks are measured initially at fair value plus transaction costs. Subsequently measured at amortised cost using EIR. Amortised cost is calculated by taking into account any discount or premium on acquisition and other fees and cost that are an integral part of EIR.

As at 31st March	2024 Rs.	2023 Rs.
Investment in Fixed Deposits	254,023,074	1,413,997,184
	254,023,074	1,413,997,184
16.1 Investment in Fixed Deposits- Counterparty External Credit Ratings		
Counterparty External Credit Rating*	254,023,074	1,413,997,184
	254,023,074	1,413,997,184

17 Financial assets measured at fair value through profit or loss (FVTPL)

Accounting Policy

Financial assets measured at FVTPL are those assets that the Company acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking. Trading assets are those assets that the Company acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

These investments are initially recognised at fair value and transaction costs that are directly attributable to its acquisition or issue is charge to profit or loss. Subsequently, recorded in the Statement of Financial Position at fair value. Changes in fair value are recognised in profit or loss.

As at 31st March	2024 Rs.	2023 Rs.
Investment in Treasury Bonds (Note 17.1)	463,761,000	-
	463,761,000	-
17.1 Investment in Treasury Bonds		
Balance at the Beginning of the Year	-	-
Addition during the Year	428,905,261	-
Gain from marked to market valuation	34,855,739	-
Balance at the End of the Year	463,761,000	-

18 Financial assets at amortised cost - Loans and Receivables from Customers

As at 31st March	2024 Rs.	2023 Rs.
18.1 Hire Purchase Receivables		
Rentals Receivable	2,070,611	2,070,611
Other Charges Receivable	1,167,094	1,065,355
Gross Receivables	3,237,705	3,135,966
Allowance for Impairment for Hire Purchase Receivables (Note 18.1.2)	(3,237,705)	(3,135,966)
Net Receivables	-	-

As at 31st March		2024	2023
		Rs.	Rs.
18.1.1	Hire Purchase Rentals Receivable within One Year from Reporting Date		
	Rentals Receivable within One Year	2,070,611	2,070,611
	Other Charges Receivable within One Year	1,167,094	1,065,355
	Net Receivables within One Year	3,237,705	3,135,966
	Gross Receivables	3,237,705	3,135,966
18.1.2	Movement in Allowance for Impairment Losses for Hire Purchase Receivables		
	Balance as at beginning of the Year	3,135,966	5,504,546
	Charge/ (Reversal) for the Year	101,739	(2,368,580)
	Balance as at end of the Year	3,237,705	3,135,966
18.2	Finance Lease Receivables		
	Rentals Receivable	15,118,684,155	11,628,368,227
	Other Charges Receivable	161,524,048	170,509,987
	Unearned Interest Income	(3,864,840,268)	(2,204,074,262)
	Gross Receivables	11,415,367,935	9,594,803,952
	Allowance for Impairment for on Lease Rentals Receivable (Note 18.2.4)	(479,532,474)	(707,440,298)
	Net Receivables	10,935,835,461	8,887,363,654
18.2.1	Lease Rentals Receivables within One Year from Reporting Date		
	Rentals Receivables within One Year	6,422,368,666	5,630,940,259
	Other Charges Receivables within One Year	161,524,048	170,509,987
	Unearned Interest Income	(1,840,076,405)	(1,210,867,072)
	Gross Receivables within One Year	4,743,816,309	4,590,583,174
18.2.2	Lease Rentals Receivables after One Year but before Five Years from Reporting Date		
	Rentals Receivable after One Year but before Five Years	8,684,457,172	5,997,427,968
	Unearned Interest Income	(2,023,327,337)	(993,207,190)
	Gross Receivables after One Year but before Five Years	6,661,129,835	5,004,220,778
18.2.3	Lease Rentals Receivables after Five Years from Reporting Date		
	Rentals Receivable after Five Years	11,858,317	-
	Unearned Interest Income	(1,436,526)	-
	Gross Receivables after Five Years	10,421,791	-
	Gross Receivables	11,415,367,935	9,594,803,952
18.2.4	Movement in Allowance for Impairment Losses for Lease Rentals Receivable		
	Balance as at beginning of the Year	707,440,298	836,804,806
	Charge/ (Reversal) for the Year	(180,695,600)	(109,116,581)
	Written off during the Year	(47,212,224)	(20,247,927)
	Balance as at end of the Year	479,532,474	707,440,298

Lease with the contractual amount of Rs.47,212,224 written off during the year ended 31 March 2024 are being considered for enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March		2024	2023
		Rs.	Rs.
18.3	Loans and Advances		
	Loans and Advances	18,351,861,606	15,848,115,637
	Other Charges Receivable	67,263,640	41,744,922
	Unearned Interest Income	(1,625,532,304)	(805,752,019)
	Receivables on Loans against Fixed Deposits	688,820,502	934,233,584
	Gross Receivables	17,482,413,444	16,018,342,124
	Allowance for Impairment on Loans and Advances (Note 18.3.4)	(708,401,918)	(708,406,706)
	Net Receivables	16,774,011,526	15,309,935,418
18.3.1	Loans and Advances Receivable within One Year from Reporting Date		
	Loans and Advances Receivable within One Year	14,276,603,923	13,426,720,533
	Other Charges Receivable within One Year	67,263,640	41,744,922
	Receivables on Loans against Fixed Deposits	688,820,502	934,233,584
	Unearned Interest Income	(780,416,656)	(449,411,035)
	Gross Receivables	14,252,271,409	13,953,288,004
18.3.2	Loans and Advances Receivable after One Year but before Five Years from Reporting Date		
	Loans and Advances Receivable after One Year but before Five Years	4,067,411,635	2,418,909,998
	Unearned Interest Income	(844,505,383)	(356,270,519)
	Gross Receivables after One Year but before Five Years	3,222,906,252	2,062,639,479
18.3.3	Loans and Advances Receivable after Five Years from Reporting Date		
	Loans and Advances Receivable after Five Years	7,846,048	2,485,106
	Unearned Interest Income	(610,265)	(70,465)
	Gross Receivables after Five Years	7,235,783	2,414,641
	Gross Receivables	17,482,413,444	16,018,342,124
18.3.4	Movement in Allowance for Impairment for Loans and Advances		
	Balance as at beginning of the Year	708,406,706	670,930,573
	Charge for the Year	53,620,471	67,981,363
	Written off during the Year	(53,625,259)	(30,505,230)
	Balance as at end of the Year	708,401,918	708,406,706

Loans & advances with the contractual amount of Rs.53,625,259 written off during the year ended 31 March 2024 are being considered for enforcement activities.

18.4 Allowance for Impairment

As At 31st March		2024 Rs.	2023 Rs.
18.4.1 Movement in Allowance for Impairment			
Balance as at beginning of the Year		1,418,982,970	1,513,239,925
Charge/(Reversal) for the Year		(126,973,390)	(43,503,798)
Written off during the Year		(100,837,483)	(50,753,157)
Balance as at end of the Year		1,191,172,097	1,418,982,970
18.4.2 Allowance for Impairment consist of Provisioning Against			
Hire Purchase Receivables (Note 18.1.2)		3,237,705	3,135,966
Lease Receivables (Note 18.2.4)		479,532,474	707,440,298
Loans and Advances (Note 18.3.4)		708,401,918	708,406,706
		1,191,172,097	1,418,982,970

18.4.3 The table below shows the ECL charges on financial instruments recorded in the statement of profit or loss:

As at 31st March 2024	Individual Rs	Collective Rs.	Total Rs.
Financial assets at amortised cost-Hire Purchase Receivables			
Stage 1	-	-	-
Stage 2	-	-	-
Stage 3	100,739	1,000	101,739
	100,739	1,000	101,739
Financial assets at amortised cost-Finance Lease Receivables			
Stage 1	-	(87,425,481)	(87,425,481)
Stage 2	-	(51,568,325)	(51,568,325)
Stage 3	(64,848,666)	23,146,872	(41,701,794)
	(64,848,666)	(115,846,934)	(180,695,600)
Financial assets at amortised cost-Loans and Advances			
Stage 1	-	(18,139,452)	(18,139,452)
Stage 2	-	(6,137,724)	(6,137,724)
Stage 3	(51,012,892)	128,910,539	77,897,647
	(51,012,892)	104,633,363	53,620,471
Financial assets at amortised cost -Total			
Stage 1	-	(105,564,933)	(105,564,933)
Stage 2	-	(57,706,049)	(57,706,049)
Stage 3	(115,760,819)	152,058,411	36,297,592
	(115,760,819)	(11,212,571)	(126,973,390)

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2023	Individual Rs	Collective Rs.	Total Rs.
Financial assets at amortised cost-Hire Purchase Receivables			
Stage 1	-	-	-
Stage 2	-	-	-
Stage 3	(2,355,179)	(13,401)	(2,368,580)
	(2,355,179)	(13,401)	(2,368,580)
Financial assets at amortised cost-Finance Lease Receivables			
Stage 1	-	43,865,736	43,865,736
Stage 2	-	(82,232,508)	(82,232,508)
Stage 3	(59,364,987)	(11,384,822)	(70,749,809)
	(59,364,987)	(49,751,594)	(109,116,581)
Financial assets at amortised cost-Loans and Advances			
Stage 1	-	30,758,125	30,758,125
Stage 2	-	(12,929,577)	(12,929,577)
Stage 3	28,450,485	21,702,330	50,152,815
	28,450,485	39,530,878	67,981,363
Financial assets at amortised cost -Total			
Stage 1	-	74,623,861	74,623,861
Stage 2	-	(95,162,085)	(95,162,085)
Stage 3	(33,269,681)	10,304,107	(22,965,574)
	(33,269,681)	(10,234,117)	(43,503,798)

18.4.4 Movement in Impairment during the Year

For the Year Ended 31st March	2024 Rs.	2023 Rs.
Stage 1		
Balance as at the beginning of the Year	227,513,881	152,890,020
Net impairment charge/(reversal) for the Year	(105,564,933)	74,623,861
Balance as at end of the Year	121,948,948	227,513,881
Stage 2		
Balance as at the beginning of the Year	132,540,499	227,702,584
Net impairment charge/(reversal) for the Year	(57,706,049)	(95,162,085)
Balance as at end of the Year	74,834,450	132,540,499
Stage 3		
Balance as at the beginning of the Year	1,058,928,590	1,132,647,321
Net impairment charge/(reversal) for the Year	36,297,592	(22,965,574)
Written off during the Year	(100,837,483)	(50,753,157)
Balance as at end of the Year	994,388,699	1,058,928,590

For the Year Ended 31st March		2024	2023
		Rs.	Rs.
Total			
Balance as at the Beginning of the Year		1,418,982,970	1,513,239,925
Net Impairment Charge/ (Reversal) for the Year		(126,973,390)	(43,503,798)
Written off during the Year		(100,837,483)	(50,753,157)
Balance as at End of the Year		1,191,172,097	1,418,982,970
18.4.5 Breakdown of Gross Loans and Provision			
Stage 1			
Net Receivables		21,386,121,204	18,546,143,640
Impairment Allowance		121,948,948	227,513,881
Gross Receivables		21,508,070,152	18,773,657,521
Stage 2			
Net Receivables		4,076,501,613	3,658,168,465
Impairment Allowance		74,834,450	132,540,499
Gross Receivables		4,151,336,063	3,790,708,964
Stage 3			
Net Receivables		2,247,224,170	1,992,986,967
Impairment Allowance		994,388,699	1,058,928,590
Gross Receivables		3,241,612,869	3,051,915,557
Total			
Net Receivables		27,709,846,987	24,197,299,072
Impairment Allowance		1,191,172,097	1,418,982,970
Gross Receivables		28,901,019,084	25,616,282,042

18.4.6 Provision for Impairment (ECL) movement

The following table shows reconciliation from the opening to closing balance of the provision for impairment:

As at 31st March 2024	Stage 1 12 Months ECL Rs.	Stage 2 Lifetime ECL not Credit - Impaired Rs.	Stage 3 Lifetime ECL Credit - Impaired Rs.	Total Rs.
Financial Assets at Amortised Cost - Total				
Balance as at the Beginning of the Year	227,513,881	132,540,498	1,058,928,591	1,418,982,970
Transferred from 12 months ECL	(53,348,168)	41,062,831	12,285,337	-
Transferred from Lifetime ECL not Credit - impaired	20,683,854	(48,527,916)	27,844,062	-
Transferred from Lifetime ECL Credit - impaired	35,550,750	9,916,264	(45,467,014)	-
New Assets Originated	106,072,986	38,432,059	185,997,243	330,502,288
Financial Assets Derecognized	(86,166,023)	(48,006,154)	(260,227,385)	(394,399,562)
Write-offs	-	-	(100,837,483)	(100,837,483)
Net remeasurement Loss Allowance	(128,358,332)	(50,583,132)	115,865,348	(63,076,116)
Balance as at end of the Year	121,948,948	74,834,450	994,388,699	1,191,172,097

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2024	Stage 1 12 Months ECL Rs.	Stage 2 Lifetime ECL not Credit - Impaired Rs.	Stage 3 Lifetime ECL Credit - Impaired Rs.	Total Rs.
Financial Assets at amortised cost - Hire Purchase Receivables				
Balance as at the beginning of the year	-	-	3,135,966	3,135,966
Transferred from 12 months ECL	-	-	-	-
Transferred from Lifetime ECL not Credit - impaired	-	-	-	-
Transferred from Lifetime ECL Credit - impaired	-	-	-	-
New Assets Originated	-	-	-	-
Financial Assets Derecognized	-	-	-	-
Write-offs	-	-	-	-
Net remeasurement Loss Allowance	-	-	101,739	101,739
Balance as at end of the Year	-	-	3,237,705	3,237,705
Financial Assets at amortised cost - Finance Lease Receivables				
Balance as at the beginning of the year	123,739,838	93,848,004	489,852,456	707,440,298
Transferred from 12 months ECL	(37,473,726)	29,779,886	7,693,840	-
Transferred from Lifetime ECL not Credit - impaired	16,260,741	(37,430,659)	21,169,918	-
Transferred from Lifetime ECL Credit - impaired	28,881,477	7,198,485	(36,079,962)	-
New Assets Originated	26,826,710	17,388,478	8,799,374	53,014,562
Financial Assets Derecognized	(30,198,356)	(26,687,778)	(117,971,728)	(174,857,862)
Write-offs	-	-	(47,212,224)	(47,212,224)
Net remeasurement Loss Allowance	(91,722,327)	(41,816,737)	74,686,764	(58,852,300)
Balance as at end of the Year	36,314,357	42,279,679	400,938,438	479,532,474
Financial Assets at amortised cost - Loans and Advances				
Balance as at the beginning of the year	103,774,043	38,692,494	565,940,169	708,406,706
Transferred from 12 months ECL	(15,874,442)	11,282,945	4,591,497	-
Transferred from Lifetime ECL not Credit - impaired	4,423,113	(11,097,257)	6,674,144	-
Transferred from Lifetime ECL Credit - impaired	6,669,273	2,717,779	(9,387,052)	-
New Assets Originated	79,246,276	21,043,581	177,197,869	277,487,726
Financial Assets Derecognized	(55,967,667)	(21,318,376)	(142,255,657)	(219,541,700)
Write-offs	-	-	(53,625,259)	(53,625,259)
Net remeasurement Loss Allowance	(36,636,005)	(8,766,395)	41,076,845	(4,325,555)
Balance as at end of the Year	85,634,591	32,554,771	590,212,556	708,401,918

As at 31st March 2023	Stage 1 12 Months ECL Rs.	Stage 2 Lifetime ECL not Credit - Impaired Rs.	Stage 3 Lifetime ECL Credit - Impaired Rs.	Total Rs.
Financial Assets at amortised cost - Total				
Balance as at the beginning of the year	152,890,020	227,702,584	1,132,647,321	1,513,239,925
Transferred from 12 months ECL	(27,215,579)	19,195,769	8,019,810	-
Transferred from Lifetime ECL not Credit - impaired	60,415,203	(110,720,372)	50,305,169	-
Transferred from Lifetime ECL Credit - impaired	62,571,318	49,724,026	(112,295,344)	-
New Assets Originated	47,775,124	12,485,416	78,812,534	139,073,074
Financial Assets Derecognized	(39,274,192)	(60,857,086)	(244,758,791)	(344,890,069)
Write-offs	-	-	(50,753,157)	(50,753,157)
Net remeasurement Loss Allowance	(29,648,013)	(4,989,838)	196,951,048	162,313,197
Balance as at end of the Year	227,513,881	132,540,499	1,058,928,590	1,418,982,970
Financial Assets at amortised cost - Hire Purchase Receivable				
Balance as at the beginning of the year	302	-	5,504,244	5,504,546
Transferred from 12 months ECL	(302)	-	302	-
Transferred from Lifetime ECL not Credit - impaired	-	-	-	-
Transferred from Lifetime ECL Credit - impaired	-	-	-	-
New Assets Originated	-	-	-	-
Financial Assets Derecognized	-	-	(2,486,810)	(2,486,810)
Write-offs	-	-	-	-
Net remeasurement loss allowance	-	-	118,230	118,230
Balance as at end of the Year	-	-	3,135,966	3,135,966
Financial Assets at amortised cost - Finance Lease Receivables				
Balance as at the beginning of the year	79,873,800	176,080,512	580,850,494	836,804,806
Transferred from 12 months ECL	(17,701,860)	13,527,406	4,174,454	-
Transferred from Lifetime ECL not Credit - impaired	50,684,877	(90,891,622)	40,206,745	-
Transferred from Lifetime ECL Credit - impaired	57,810,511	41,562,876	(99,373,387)	-
New Assets Originated	10,976,708	3,041,443	18,902,648	32,920,799
Financial Assets Derecognized	(8,213,356)	(38,787,456)	(125,679,147)	(172,679,959)
Write-offs	-	-	(20,247,927)	(20,247,927)
Net remeasurement Loss Allowance	(49,690,842)	(10,685,155)	91,018,576	30,642,579
Balance as at end of the Year	123,739,838	93,848,004	489,852,456	707,440,298

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2023	Stage 1 12 Months ECL Rs.	Stage 2 Lifetime ECL not Credit - Impaired Rs.	Stage 3 Lifetime ECL Credit - Impaired Rs.	Total Rs.
Financial Assets at amortised cost - Loans and Advances				
Balance as at the beginning of the year	73,015,918	51,622,072	546,292,583	670,930,573
Transferred from 12 months ECL	(9,513,417)	5,668,362	3,845,055	-
Transferred from Lifetime ECL not Credit - impaired	9,730,326	(19,828,750)	10,098,424	-
Transferred from Lifetime ECL Credit - impaired	4,760,807	8,161,150	(12,921,957)	-
New Assets Originated	36,798,415	9,443,974	59,909,886	106,152,275
Financial Assets Derecognized	(31,060,835)	(22,069,630)	(116,592,834)	(169,723,299)
Write-offs	-	-	(30,505,230)	(30,505,230)
Net remeasurement Loss Allowance	20,042,829	5,695,316	105,814,242	131,552,387
Balance as at end of the Year	103,774,043	38,692,494	565,940,169	708,406,706

18.5 Analysis by Sector

Sector wise analysis of Company's Hire Purchase, Lease Receivable and Loan Portfolio's reflecting the exposure to credit risk in the various sectors of the economy is depicted below:

As at 31st March	2024		2023	
	Rs.	%	Rs.	%
Agriculture	2,476,796,350	8.9	2,634,764,182	10.8
Tourism	517,231,649	1.9	197,085,119	0.8
Transport	5,309,416,439	19.2	8,437,048,207	34.9
Construction	1,774,064,437	6.4	820,980,941	3.4
Services	4,513,400,468	16.3	4,688,372,066	19.5
Individual	13,118,937,644	47.3	7,419,048,557	30.6
	27,709,846,987	100.0	24,197,299,072	100.0

19 Financial Assets Measured at Fair Value through Other Comprehensive Income

Accounting Policy

The Company designated the investments as equity securities at FVOCI because these equity securities represent that the Company intended to hold for the long term for strategic purposes.

No Strategic investments were disposed during 2023/2024 financial year.

As at 31st March	No. of Ordinary Shares	2024 Fair Value of the Investment Rs.	2023 Fair Value of the Investment Rs.
Unquoted Shares			
Credit Information Bureau of Sri Lanka	100	2,185,043	2,120,229

20 Financial Assets at Amortised Cost-Debt and Other Financial Instruments**Accounting Policy**

Financial assets at amortised cost-Debt and other financial instruments comprise of treasury bills. These investments are initially recognised at fair value net of transactions cost. Subsequently, they are stated at amortised cost; any difference between the proceeds (net of transaction cost) and the receivable amount (including interest income) is recognised in the Income Statement over the period of the assets using the effective interest method.

As at 31st March	2024	2023
	Rs.	Rs.
Investment in Treasury Bills	2,478,590,812	2,013,991,655
	2,478,590,812	2,013,991,655

21 Other Debtors and Prepayments

As at 31st March	2024	2023
	Rs.	Rs.
Loans to Employees (Note 21.1)	90,108,750	77,234,459
Prepayments and Advances	147,009,240	150,436,574
Other Receivables	105,606,170	66,233,760
	342,724,160	293,904,793
21.1 Loans to Employees		
Balance as at beginning of the Year	77,234,459	84,087,916
Loans granted during the year	75,156,323	65,245,601
Loan recoveries during the Year	(60,316,009)	(66,309,534)
Provision for Impairment (Note 21.2)	(1,966,023)	(5,789,524)
Balance as at the end of the Year	90,108,750	77,234,459
Due within one Year	25,533,561	19,806,097
Due after one Year	64,575,189	57,428,362
	90,108,750	77,234,459
21.2 Movement in Provision for Impairment		
Balance as at beginning of the Year	5,789,524	3,253,481
Charge/ (Reversal) for the year	(3,823,501)	2,536,043
Balance as at the end of the Year	1,966,023	5,789,524

NOTES TO THE FINANCIAL STATEMENTS

22 Intangible Assets

Accounting Policy

The Company's intangible assets include the value of Computer Software.

Basis of recognition and measurement

An intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard – LKAS 38 on 'Intangible Assets'.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, these assets are stated in the Statement of Financial Position at cost, less accumulated amortisation and accumulated impairment losses, if any.

Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation of intangible assets

Intangible assets are amortised using the straight line method to write down the cost over its estimated useful economic lives specified below:

Computer Software 10 Years

De-recognition of Intangible Assets

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from their use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

22.1 Cost

As at 31st March	2024 Rs.	2023 Rs.
Balance as at Beginning of the Year	193,353,795	170,621,624
Additions during the Year	21,076,412	22,732,171
Balance as at end of the Year	214,430,207	193,353,795

22.2 Accumulated Amortization

Balance as at Beginning of the Year	(112,966,500)	(101,163,087)
Amortization during the Year	(13,639,164)	(11,803,413)
Balance as at end of the Year	(126,605,664)	(112,966,500)

22.3 Carrying Amount

Total Carrying Amount of EDP Software	87,824,543	80,387,295
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22.4 During the financial year, the Company acquired Software to the aggregated value of Rs. 21,076,412 (2022/23 - Rs. 22,732,172) .

22.5 EDP Software included in fully amortized and impaired assets having cost amounting to Rs. 68,464,737 (2022/23 - Rs. 67,493,313).

23 Property, Plant and Equipment

Accounting Policy

The Company applies the requirements of the Sri Lanka Accounting Standard – LKAS 16 on 'Property, Plant & Equipment' in accounting for its owned assets which are held for and use in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year.

Basis of recognition and measurement

Property, Plant & Equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be reliably measured.

The Company applies the Cost Model to all Property, Plant & Equipment and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

An item of Property, Plant & Equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day-to-day servicing). 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 the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software which is integral to the functionality of the related equipment is capitalised as part of Computer Equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent cost

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated to write-off the cost of items of Property, Plant & Equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and comparative years are as follows:

Motor Vehicle	7 years
Furniture & Fittings	10 years
Equipment	10 years
EDP Equipment	5 years
EDP Server	7 years

Improvements on Leasehold Premises

Head Office	5 years
Branches	7 years

The depreciation rates are determined separately for each significant part of an item of Property, Plant & Equipment and commence to depreciate when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is de-recognised.

NOTES TO THE FINANCIAL STATEMENTS

Change in Depreciation Rate

Depreciation methods, useful lives and residual values are reassessed at each Reporting date and adjusted, if required

De-recognition

An item of Property, Plant & Equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is recognised in 'Other Operating Income' in profit or loss in the year the asset is de-recognised. When replacement costs are recognised in the carrying amount of an item of Property, Plant & Equipment, the remaining carrying amount of the replaced part is de-recognised as required by Sri Lanka Accounting Standard – LKAS 16 on 'Property, Plant & Equipment'.

Capital Work-in-Progress

These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation. These are stated in the Statement of Financial Position at cost.

23.1 Cost

	Balance as at 1st April 2022 Rs.	Additions & Transfers Rs.	Disposal Rs.	Balance as at 1st April 2023 Rs.	Additions & Transfers Rs.	Disposal Rs.	Balance as at 31st March 2024 Rs.
Improvement on Leasehold Premises	394,975,635	159,474,427	(4,408,124)	550,041,938	34,302,074	-	584,344,012
Equipment	163,966,246	71,949,623	(841,786)	235,074,083	58,061,818	(1,252,865)	291,883,036
EDP Equipment	159,496,041	43,428,965	(661,583)	202,263,423	44,124,789	(243,980)	246,144,232
Motor Vehicles	-	245,000	-	245,000	-	-	245,000
Furniture and Fittings	75,280,111	18,999,550	(1,297,437)	92,982,224	16,606,157	-	109,588,381
	793,718,033	294,097,565	(7,208,930)	1,080,606,668	153,094,838	(1,496,845)	1,232,204,661

23.2 Accumulated Depreciation

	Balance as at 1st April 2022 Rs.	Depreciation Charge for the year Rs.	Disposal Rs.	Balance as at 1st April 2023 Rs.	Depreciation Charge for the year Rs.	Disposal Rs.	Balance as at 31st March 2024 Rs.
Improvements on Leasehold Premises	(180,440,551)	(61,989,994)	4,334,671	(238,095,874)	(72,229,892)	-	(310,325,766)
Equipment	(50,107,746)	(20,082,966)	751,270	(69,439,442)	(26,423,068)	459,431	(95,403,079)
EDP Equipment	(89,400,256)	(24,650,515)	659,533	(113,391,238)	(30,268,269)	188,755	(143,470,752)
Motor Vehicles	-	(8,753)	-	(8,753)	(35,010)	-	(43,763)
Furniture and Fittings	(29,316,670)	(7,749,810)	1,297,437	(35,769,043)	(8,956,837)	-	(44,725,880)
	(349,265,223)	(114,482,038)	7,042,911	(456,704,350)	(137,913,076)	648,186	(593,969,240)

23.3 Carrying Amount

As at 31st March	2024 Rs.	2023 Rs.
Improvements on Leasehold Premises	274,018,246	311,946,064
Equipment	196,479,957	165,634,641
EDP Equipment	102,673,480	88,872,185
Motor Vehicles	201,237	236,247
Furniture and Fittings	64,862,501	57,213,181
	638,235,421	623,902,318

23.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregated value of Rs. 153,094,838 (2022/23 - Rs. 294,097,565).

23.5 Cost of fully depreciated assets which are still in use as at reporting date is as follows:

For the Year Ended 31st March	2024 Rs.	2023 Rs.
Improvement on Leasehold Premises	89,740,826	73,405,379
Equipment	11,947,972	7,830,007
EDP Equipment	79,155,844	55,004,077
Furniture and Fittings	13,880,355	11,158,002
	194,724,997	147,397,465

23.6 There were no items of Property Plant & equipment pledge as security for liabilities of the Company as at the reporting date.

23.7 There was no temporarily idle Property, Plant and Equipment as at 31st March 2024.

23.8 There was no capitalized borrowing cost relating to acquisition of Property, Plant and Equipment during the Year (2022/23 – Nil)

24 Right-Of-Use Assets**Accounting Policy**

The Company assesses at the inception of a contract, whether 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 as per the guidelines of SLFRS 16. This assessment considers whether, throughout the period of use, the lessee has both the right to obtain all of the economic benefits from the use of the identified asset and the right to direct how and for what purpose the identified asset is used. After the assessment of whether a contract is, or contains, a lease, the Company determines whether it contains additional lease or non-lease (service) components based on the detailed guidance provided in SLFRS 16. Accordingly, the right to use of an identifying asset is a separate lease component if the lessee can benefit from the use of underlying asset either on its own or together with other resources readily available to the lessee and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. This policy is applied to contracts entered into (or changed) on or after 1 April 2019.

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24.1 Gross Carrying Amount

As at 31st March	2024 Rs.	2023 Rs.
As at beginning of the Year	1,032,905,615	891,464,737
Additions during the Year	151,139,922	151,230,288
Disposals during the Year	(16,342,112)	(9,789,410)
Balance as at end of the Year	1,167,703,425	1,032,905,615

24.2 Accumulated Depreciation

As at beginning of the Year	(358,496,456)	(245,577,957)
Charge for the Year	(124,641,979)	(118,832,934)
Disposals during the Year	13,618,427	5,914,435
Balance as at end of the Year	(469,520,008)	(358,496,456)

24.3 Net Book Value

	698,183,417	674,409,159
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24.4 Amounts Recognised in Profit or Loss:

Depreciation expense on Lease Assets	124,641,979	118,832,935
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25 Financial Liabilities at Amortised Cost-Due to Customers

As at 31st March	2024 Rs.	2023 Rs.
Fixed Deposits at Amortized Cost	21,544,417,620	18,824,612,028
Saving Deposits	635,093,299	370,992,203
	22,179,510,919	19,195,604,231

26 Financial Liabilities at Amortised Cost-Interest-Bearing Loans and Borrowings

	2024			2023		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Debenture (Note 26.1)	222,690,500	2,005,000,000	2,227,690,500	1,448,828,434	2,005,000,000	3,453,828,434
Bank Loans (Note 26.2)	4,035,176,978	-	4,035,176,978	414,847,048	125,000,000	539,847,048
Securitization Loans (Note 26.3)	407,636,856	200,000,000	607,636,856	1,511,690,611	562,000,000	2,073,690,611
	4,665,504,334	2,205,000,000	6,870,504,334	3,375,366,093	2,692,000,000	6,067,366,093

26.1 Debentures

							As at 31st March	
Type		No of Debenture Listed	Face Value	Interest Rate	Issued Date	Maturity Date	2024	2023
			Rs.	%			Rs.	Rs.
36 Months Unsecured Debentures	Fixed rate 13.00%. Senior, Unsecured, Listed, Redeemable, Rated Debentures	7,530,000	753,000,000	13.00	09-Apr-2020	10-Apr-2023	-	846,506,967
36 Months Unsecured Debentures	6 Months T-Bill+3.75%. Senior, Unsecured, Listed, Redeemable, Rated Debentures	2,500,000	250,000,000	6 Months T-Bill Rate + 3.75%	09-Apr-2020	10-Apr-2023	-	290,533,888
60 Months Unsecured Debentures	Fixed rate 13.25%. Senior, Unsecured, Listed, Redeemable, Rated Debentures	50,000	5,000,000	13.25	19-May-2020	19-May-2025	5,560,770	5,553,011
60 Months Unsecured Debentures	Fixed rate 9.25% Listed, Rated, Unsecured, Subordinated Debenture	5,832,200	583,220,000	9.25	25-Jun-2021	25-Jun-2026	622,381,623	621,482,418
60 Months Unsecured Debentures	1 Year T-Bill Rate + 3.75% Listed, Rated, Unsecured, Subordinated Debenture	14,167,800	1,416,780,000	1 Year T-Bill Rate + 3.75%	25-Jun-2021	25-Jun-2026	1,599,748,107	1,689,752,150
		30,080,000	3,008,000,000				2,227,690,500	3,453,828,434

26.1.1 Movement of Debenture

	Balance as at beginning of the Year Rs.	Obtained during the Year Rs.	(Repayments)		Unamortised Issue Cost Rs.	Accrued Interest Rs.	Balance as at end of the Year Rs.
			Capital Rs.	Interest Rs.			
As at 31st March 2024	3,453,828,434	-	(1,003,000,000)	(445,828,435)	(6,778,714)	229,469,215	2,227,690,500
	3,453,828,434	-	(1,003,000,000)	(445,828,435)	(6,778,714)	229,469,215	2,227,690,500
As at 31st March 2023	3,271,853,635	-	-	(293,428,351)	(9,326,505)	484,729,655	3,453,828,434
	3,271,853,635	-	-	(293,428,351)	(9,326,505)	484,729,655	3,453,828,434

26.2 Bank Loans

For the Year Ended 31st March 2024	Balance as at beginning of the Year Rs.	Loans Obtained Rs.	Repayments Rs.	Accrued Interest Rs.	Balance as at end of the Year Rs.
Movement of Bank Loans					
Sampath Bank	-	1,300,000,000	(800,000,000)	927,489	500,927,489
Commercial Bank	-	1,450,000,000	(1,450,000,000)	-	-
Nations Trust Bank	163,509,872	3,300,000,000	(1,663,509,867)	2,704,918	1,802,704,923
Seylan Bank	376,337,176	1,700,000,000	(1,151,396,614)	1,195,255	926,135,817
Pan Asia Bank	-	500,000,000	-	4,923,411	504,923,411
Bank of Ceylon	-	900,000,000	(600,000,000)	485,338	300,485,338
	539,847,048	9,150,000,000	(5,664,906,481)	10,236,411	4,035,176,978

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For the Year Ended 31st March 2023	Balance as at Beginning of the Year Rs.	Loans Obtained Rs.	Repayments Rs.	Accrued Interest Rs.	Balance as at End of the Year Rs.
Movement of Bank Loans					
Sampath Bank	500,934,575	1,000,000,000	(1,500,934,575)	-	-
Commercial Bank	109,642,625	-	(109,642,625)	-	-
Nations Trust Bank	1,133,216,145	700,000,000	(1,670,438,656)	732,383	163,509,872
Seylan Bank	958,889,082	450,000,000	(1,034,300,511)	1,748,605	376,337,176
National Development Bank	500,198,630	-	(500,198,630)	-	-
Bank of Ceylon	1,030,173,708	300,000,000	(1,330,173,708)	-	-
	4,233,054,765	2,450,000,000	(6,145,688,705)	2,480,988	539,847,048

(a) Bank Loan Repayable within One Year

Bank	Rate of Interest Rs.	Repayment Terms Rs.	Security Rs.	2024 Rs.	2023 Rs.
Sampath Bank	Fixed Rate	Monthly Repayment	Lease Receivable	500,927,489	-
Seylan Bank	AWPLR - Margin	Monthly Repayment	Lease Receivable	800,889,369	-
Seylan Bank	Fixed Rate	Quarterly Repayment	Lease Receivable	125,246,448	251,337,176
Nations Trust Bank	Fixed Rate	Quarterly Repayment	Lease Receivable	-	163,509,872
Nations Trust Bank	AWPLR - Margin	Monthly Repayment	Lease Receivable	1,802,704,923	-
Bank of Ceylon	AWPLR - Margin	Monthly Repayment	Lease Receivable	300,485,338	-
Pan Asia Bank	AWPLR	Monthly Repayment	Lease Receivable	504,923,411	-
				4,035,176,978	414,847,048

(b) Bank Loan Repayable after One Year

Bank	Rate of Interest Rs.	Repayment Terms Rs.	Security Rs.	2024 Rs.	2023 Rs.
Seylan Bank	Fixed Rate	Quarterly Repayment	Lease Receivable	-	125,000,000
				-	125,000,000

26.3 Securitization

	Balance as at Beginning of the Year Rs.	Obtained during the Year Rs.	(Repayments)		Unamortised Issue Cost Rs.	Accrued Interest Rs.	Balance as at End of the Year Rs.
			Capital Rs.	Interest			
As at 31st March 2024	2,073,690,611	-	(1,295,600,000)	(216,090,611)	(2,422,195)	48,059,051	607,636,856
	2,073,690,611	-	(1,295,600,000)	(216,090,611)	(2,422,195)	48,059,051	607,636,856
As at 31st March 2023	3,272,857,361	2,000,000,000	(3,268,661,755)	(146,595,606)	(11,162,017)	227,252,628	2,073,690,611
	3,272,857,361	2,000,000,000	(3,268,661,755)	(146,595,606)	(11,162,017)	227,252,628	2,073,690,611

26.4 Details of Securitization as at 31st March is as follows

Issue No.	Face Value	Rate of Interest	Maximum Period (Months)	Trustee	2024	2023	Security
Syndication 2 Tranch 02	200,000,000	Fixed Rate	48	Hatton National Bank	-	190,735,000	Lease, Loans and Advances Receivables
Syndication 2 Tranch 03	200,000,000	Fixed Rate	54	Hatton National Bank	200,000,000	200,000,000	Lease, Loans and Advances Receivables
Syndication 2 Tranch 04	200,000,000	Fixed Rate	60	Hatton National Bank	200,000,000	200,000,000	Lease, Loans and Advances Receivables
Securitization 08 Trust 07	250,000,000	Fixed Rate	36	Hatton National Bank	-	122,318,875	Lease, Loans and Advances Receivables
Securitization 09 Trust 08	1,500,000,000	Fixed Rate	36	Hatton National Bank	207,636,856	619,346,642	Lease, Loans and Advances Receivables
Securitization 10 Trust 09	2,000,000,000	Fixed Rate	18	Hatton National Bank	-	741,290,094	Lease, Loans and Advances Receivables
	4,350,000,000				607,636,856	2,073,690,611	

27 Lease liabilities**Accounting Policy****Application as per SLFRS 16****Company as a Lessee**

As per SLFRS 16 when the Company has determined that a contract contains a lease component and one or more additional lease components or non-lease components, the consideration in the contract is allocated to each lease component on the basis of relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

At the commencement date, the Company recognises right-of-use of an asset and a lease liability which is measured at the present value of the lease payments that are payable on that date. The right -of - use asset is initially measured at cost, which compromise the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of cost to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received. Lease payments are discounted using the IBR. The Company determines IBR by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of lease and type of lease and type of asset leased.

After initial recognition, the Company applies cost model for the right-of-use of an asset and depreciate the asset from commencement date to the end of the useful life of the underlying asset. Where the right does not transfer the ownership of the asset, the Company depreciates it from commencement date to the earlier of the end of the useful life of the right-of-use asset or end of the lease term. In addition, interest expense on the lease liability is recognised in the profit or loss.

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 Company's incremental borrowing rate. Generally the Company uses its incremental borrowing rate as the discount rate.

The Company 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 of 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

NOTES TO THE FINANCIAL STATEMENTS

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in company's estimate of amount expected to be payable under a residual value guarantee, if the company 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.

The Company represents right - of- use assets that do not meet the definition of investment property as right - of -use assets and lease liabilities in the statement of financial position as separate line item.

Short-term leases and leases of low-value assets

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

Company as a Lessor

Similar to above, at the commencement of the contract, the Company determines whether the contract contains a lease component and one or more additional lease components or non-lease components. When there is one or more additional lease or non lease component, the Company allocates consideration based on the guidelines given in SLFRS 15

However, SLFRS 16 largely retains the lessor accounting requirements in LKAS 17 and classification of leases is based on the extent to which risks and rewards incidental to ownership of leased asset lie with the lessor or lessee

Finance leases- Company as a Lessor

As per SLFRS 16, a lease which transfers substantially all the risks and rewards incidental to ownership of an underlying asset is classified as a finance lease. At the commencement date, the Company recognises assets held under finance lease in the SOFP and present them as a lease receivable at an amount equal to the net investment in the lease. Net investment in the lease is arrived by discounting lease payments receivable at the interest rate implicit in the lease, i.e. the rate which causes present value of lease payments to equal to the fair value of the underlying asset and initial direct costs. The Company's net investment in lease is included in Note 18.2 on "Finance Lease Receivable" or Note 18.3 "Loans and advances", as appropriate. The finance income receivable is recognised in "interest income" over the periods of the leases so as to achieve a constant rate of return on the net investment in the leases.

As at 31st March		2024	2023
		Rs.	Rs.
	As at Beginning of the Year	757,644,503	721,891,259
	New Contracts Liabilities during the Year	151,139,922	151,230,288
	Interest Charge for the Year	103,194,403	91,418,849
	Lease Rental Payments for the Year	(168,898,142)	(201,366,935)
	Disposals / Transfers	(3,597,095)	(5,528,958)
	Balance as at End of the Year	839,483,591	757,644,503
27.1	Maturity Analysis of Contractual Lease Payments are as Follows;		
	Less than One Year	76,075,972	92,594,330
	Between One and Five Years	509,499,826	439,159,134
	More than Five Years	253,907,793	225,891,039
		839,483,591	757,644,503
27.2	Amounts Recognised in Profit or Loss:		
	Interest Expense on Lease Liabilities	103,194,403	91,418,849
	Expense Relating to Leases of Low-Value Assets (Included in Other Operating Expenses)	8,708,164	10,865,060
		111,902,567	102,283,909

As at 31st March		2024	2023
		Rs.	Rs.
27.3	Information on the Company's Variable Lease Payments, Including the Magnitude in Relation to Fixed Payments:		
	Fixed Rent	168,898,142	201,366,935
		168,898,142	201,366,935

The Company has applied the practical expedient to all rent concessions that meet the conditions.

28 Trade and Other Payables

Accounting Policy

Other Liabilities

Other liabilities are recorded at amounts expected to be payable at the Reporting date.

Provisions

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

As at 31st March		2024	2023
		Rs.	Rs.
	Trade Payables	108,175,642	17,427,757
	VAT on Financial Services	51,483,790	78,171,391
	VAT Payable	7,722,362	1,586,280
	Accrued Expenses	147,808,461	209,802,305
	Insurance Payable	92,544,568	51,661,009
	Dividend Payable	10,646,275	9,497,743
	Deferred Revenue-Suraksha and Moratorium Loans	49,837	64,151
	Facility Receipts in Advance	18,520,946	8,004,536
	Other Payables	162,601,590	99,305,584
		599,553,471	475,520,756

29 Due to Related Companies

29.1 Due to Related Companies

As at 31st March		Relationship	2024	2023
			Rs.	Rs.
Non Trade				
	Hayleys PLC	Ultimate Parent	5,045,823	48,492,586
	Hayleys Business Solutions International (Pvt) LTD	Common Ultimate Parent	87,895	70,356
	Fentons LTD	Common Ultimate Parent	5,324,928	3,444,988
	Energynet (Pvt) LTD	Common Ultimate Parent	152,492	-
	The Kingsbury PLC	Common Ultimate Parent	117,483	96,235
	Hayleys Electronics (Pvt) LTD	Common Ultimate Parent	52,993,990	-
	Singer (Sri Lanka) PLC	Parent Company	41,323,135	63,691,197
			105,045,746	115,795,362

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30 Current Tax Liabilities

Accounting Policy

A provision is recognized if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Refer Note 12 for more details on taxation.

As at 31st March	2024 Rs.	2023 Rs.
Balance as at beginning of the Year	228,893,041	260,377,907
Expenses recognised in Profit or Loss (Note 12)	226,326,142	306,025,823
Income Tax Paid	(362,978,149)	(337,510,689)
Balance as at end of the Year	92,241,034	228,893,041

31 Deferred Tax (Assets) / Liabilities

Accounting Policy

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each Reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are 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 the manner in which the Company expects, at the Reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Inland Revenue (Amendment) Act No 45 of 2022 was certified by the Speaker on 19th December 2022. The standard rate of income tax has been increased to 30% from 24% w.e.f. 1st October 2022. Accordingly, deferred tax asset and liability have been computed at 30%.

Deferred tax asset has been recognized on all temporary differences arising on impairment provisions after adjustments been made in respect of impairment charges pertaining to stage 3 credit facilities, based on the specifications given in section 1 of schedule (I) of the Gazette notification issued on 25th October 2022 under Inland Revenue Act No 24 of 2017.

31.1 Deferred Tax (Assets) / Liabilities

As at 31st March	2024 Rs.	2023 Rs.
Movement of Deferred Tax (Assets)/Liabilities		
Balance as at beginning of the Year	(113,392,070)	(78,674,774)
Origination of timing differences - recognized in Profit or Loss (Note 12)	21,836,797	(36,496,794)
Origination of timing differences - recognized in Other Comprehensive Income	(1,538,131)	1,779,498
Balance as at End of the Year	(93,093,404)	(113,392,070)
Recognised in Statement of Profit or Loss due to during the year transactions	21,836,797	(16,828,100)
Recognised in Statement of Profit or Loss due to (increase)/decrease in Tax Rate	-	(19,668,694)
Deferred tax expense recorded in Profit or Loss	21,836,797	(36,496,794)
Recognised in Other Comprehensive Income during the year transactions	(1,538,131)	1,779,498
Deferred tax expense recorded in OCI	(1,538,131)	1,779,498

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

31.3 Composition of Deferred Tax Assets and Liabilities

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows.

As at 31st March	2024		
	Temporary Difference Rs.	Tax Rate %	Tax Effect Rs.
Deferred Tax Liabilities on:			
Property, Plant and Equipment	(248,517,558)	30	(74,555,267)
Intangible Assets	(18,706,691)	30	(5,612,007)
Lease Rental Receivables	(42,469,724)	30	(12,740,917)
Right of Use Asset	(698,183,417)	30	(209,455,025)
	(1,007,877,390)		(302,363,216)
Deferred Tax Assets on:			
Impairment Provision	253,901,852	30	76,170,556
Retirement Benefit Obligations	161,996,844	30	48,599,053
Lease Liability	902,290,036	30	270,687,011
	1,318,188,732		395,456,620
Net Deferred Tax Asset	310,311,342		93,093,404

As at 31st March	2023		
	Temporary Difference Rs.	Tax Rate %	Tax Effect Rs.
Deferred Tax Liabilities on:			
Property, Plant and Equipment	(205,546,197)	30	(61,663,859)
Intangible Assets	(22,290,623)	30	(6,687,187)
Lease Rental Receivables	(52,389,043)	30	(15,716,713)
Right of Use Asset	(674,409,158)	30	(202,322,747)
	(954,635,021)		(286,390,506)
Deferred Tax Assets on:			
Impairment Provision	360,054,380	30	108,016,314
Retirement Benefit Obligations	128,520,489	30	38,556,147
Lease Liability	844,033,718	30	253,210,115
	1,332,608,587		399,782,576
Net Deferred Tax Asset	377,973,566		113,392,070

32 Retirement Benefit Obligations

Accounting Policy

Defined Benefit Plan (DBP) - Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of a defined benefit plan is the present value of the defined benefit obligation at the reporting date. Benefit falling due more than 12 months after the reporting date are discounted to present value.

NOTES TO THE FINANCIAL STATEMENTS

The defined benefits obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by LKAS-19, "employee benefits"

Actuarial gains and losses in the period in which they occur have been recognise in the other Comprehensive income (OCI).

The assumptions based on which the results of actuarial valuation was determined, are included in notes to the financial statements.

Gratuity liability was computed from the first year of service for all employees in conformity with Sri Lanka Accounting Standards 19- "Employee Benefits".

However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continual service.

The Company is liable to pay gratuity in terms of the relevant statute.

Expected Return on Assets

Expected return on assets is zero as the plan is not pre-funded.

Funding Arrangements

The gratuity liability is not externally funded.

Defined Contribution Plans (DCPs) - Employees' Provident Fund/ Mercantile Services Provident Society and Employees' Trust Fund

A Defined contribution plan is a post- employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to Defined Contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Mercantile Services Provident Society (MSPS)

The Company and employees contribute 12% respectively on the salary of each employee to the Fund Managed by Mercantile Services Provident Society.

Employees' Trust Fund (ETF)

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund managed by the Central Bank of Sri Lanka.

As at 31st March	2024 Rs.	2023 Rs.
Present Value of Unfunded Gratuity	161,996,844	128,520,489
	161,996,844	128,520,489
Provision for Retiring Gratuity		
Balance as at beginning of the Year	128,520,489	101,457,552
Expenses recognised in Profit or Loss (Note 32.1)	40,906,400	32,600,107
Adjustment due to Trasnfer of employees out of Company	-	5,440,000
Actuarial (Gain) / Loss in Other Comprehensive Income	5,127,105	(5,931,661)
	174,553,994	133,565,998
Benefits Paid during the Year	(12,557,150)	(5,045,509)
Balance as at end of the Year	161,996,844	128,520,489

The Company maintains a non-contributory defined benefit plan providing for gratuity benefits payable to employees expressed in term of final monthly salary and service. The Gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by a professionally qualified actuary Mr. M Poopalanathan, of Actuarial & Management Consultants (Pvt) Limited who is a qualified Actuary, Associate of the Institute and Faculty of Actuaries, UK.

32.1 Expense Recognized in Profit or Loss:

As at 31st March	2024 Rs.	2023 Rs.
Current Service Cost	18,902,855	17,351,887
Interest Cost	22,003,545	15,248,220
	40,906,400	32,600,107
Acturial (Gain) / Loss in Other Comprehensive Income	5,127,105	(5,931,661)

32.2 Actuarial Assumptions

Following key assumptions were made in arriving at the above figures.

For the Year Ended 31st March	2024 Rs.	2023 Rs.
(a) Rate of Discount	12% p.a. (net of tax)	18% p.a. (net of tax)
(b) Salary Increment Rate	11%	16%
(c) Retirement Age	60 Years	60 Years
(d) Staff Turnover	15%	16%
(e) Average Future Working Life Time (Years)	7.6	5.6

(f) Assumptions regarding future mortality are based on A1967/70 Ultimate Mortality Table, issued by the Institute of Actuaries, London

The demographic assumptions underlie the valuation are with respect to retirement age, early withdrawal from service and retirement on medical grounds.

(g) Discount rate

LKAS 19 requires the risk discount rate to be based on the market yield of high quality Corporate bonds (AA and above) of similar duration to the liability.

Due to the lack of long term high quality bonds available in the Sri Lankan market, discount rate is determined by examining short and medium term government and corporate bonds. For the purpose of this valuation, the Company has considered discount rate of 12%. A rate of discount of 18% has been used at the previous valuation.

The Company has considered the impact on the defined benefit obligations due to changes in economic factors as a result of the prevailing macroeconomic conditions, with support of the independent actuarial expert. 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. Further, the salary increment rate of 11% is considered appropriate to be in line with the Company's targeted future. Due to the discount rate and salary increment rate account the current market conditions and inflation rate. Salary increments when taking into assumptions used, nature of non-financial assumptions and experience of the assumptions of the company, there is no significant impact to employment benefit liability as a result of prevailing macro-economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

32.3 Sensitivity of Assumption Employed on Actuarial Valuation

Assumptions regarding discount rate and Salary Increment rate have significantly effect on the amounts recognized in the Statement of Comprehensive Income of Statement of Financial Position.

The following table demonstrate the sensitivity of a reasonably possible changing such assumption with all other variables held constant, in the actuarial valuation of retirement benefit obligation as at 31st March 2024.

Increase/ (Decrease) in Discount rate	Increase/ (Decrease) in Salary Increment rate	Sensitivity Effect on Statement of Comprehensive Income Increase / (Decrease) in results for the Year Rs.	Sensitivity Effect on Retirement Benefit Obligation Increase/ (Decrease) Rs.
1%		10,580,673	(10,580,673)
-1%		(11,994,277)	11,994,277
	1%	(12,756,190)	12,756,190
	-1%	11,425,932	(11,425,932)

32.4 Distribution of Employee Benefit Obligation over Future Working Lifetime

As at 31st March	2024 Rs.	2023 Rs.
Less than or equal 1 Year	21,056,216	22,060,945
Over 1 year and less than or equal 5 Years	59,108,565	64,215,120
Over 5 year and less than or equal 10 Years	42,611,360	26,396,915
Over 10 Years	39,220,703	15,847,509
	161,996,844	128,520,489

33 Stated Capital

33.1 Issued and Fully Paid

	As at 1st April 2023	Issued for Cash during the Year	Issued for Non-Cash Consideration	As at 31st March 2024
Number of Shares Ordinary Shares	202,074,075	-	-	202,074,075
	202,074,075	-	-	202,074,075
Rupees - Ordinary Shares	1,996,444,457	-	-	1,996,444,457
	1,996,444,457	-	-	1,996,444,457

34 Statutory Reserves

As at 31st March	2024 Rs.	2023 Rs.
Statutory Reserve Fund (Note 34.1)	335,410,743	254,563,754
	335,410,743	254,563,754
Regulatory Loss Allowance Reserve Fund (Note 34.2)	51,093,499	-
	51,093,499	-

34.1 Statutory Reserve Fund

As at 31st March	2024 Rs.	2023 Rs.
Balance as at Beginning of the Year	254,563,754	234,111,556
Amount Transfer during the Year	80,846,989	20,452,198
Balance as at End of the Year	335,410,743	254,563,754

The balance in the reserve fund will be used only for the purpose specified in the Central Bank Direction No. 1 of 2003.

The Reserve Fund is maintained in compliance with direction No 1 of 2003 Central Bank of Sri Lanka (Capital Funds) issued to Finance Companies.

As per the said Direction, every Licensed Finance Company shall maintain a Reserve Fund and transfer to such reserve fund out of the net profits of the each year after due provisions has been made for taxation and bad and doubtful debts on following basis.

Capital Funds to Deposit Liabilities	% of transfer to Reserve Fund
Not less than 25%	5%
Less than 25% and not less than 10%	20%
Less than 10%	50%

Accordingly, the Company has transferred 20% of its net profit after taxation to the Reserve Fund as Company's Capital Funds to Deposit Liabilities, belongs to less than 25% and not less than 10%.

34.2 Regulatory Loss Allowance Reserve Fund

As at 31st March	2024 Rs.	2023 Rs.
Balance as at Beginning of the Year	-	-
Amount Transfer during the Year	51,093,499	-
Balance as at End of the Year	51,093,499	-

As per the Section 7.1 of the Finance Business Act Direction No. 01 of 2020 (Classification and measurement of Credit Facilities), the Company requires to create a non-distributable regulatory loss allowance reserve through an appropriation of retained earnings, where the loss allowance for expected credit loss (ECL) falls below the regulatory provision (CBSL). Accordingly, the company has transferred Rs. 51,093,499/= from retained earnings to regulatory loss allowance reserve during the period.

NOTES TO THE FINANCIAL STATEMENTS

35 Financial Reporting by Segments As Per Provision of The Sri Lanka Accounting Standard SLFRS 8

Accounting Policy

As per the SLFRS 8 'Operating Segments', Company is required to disclose information to enable users of its Financial Statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Accordingly, below information gives the segmental information on performance of the Company's main business line.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Company's Management to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

For each of the strategic divisions, the Company's management monitors the operating results separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the Financial Statements. Income taxes are managed on a Company basis and are not allocated to operating segments. Detailed information on the results of each reportable segment as required by the Sri Lanka Accounting Standard – SLFRS 8 "Operating Segments" is provided in Notes to the Financial Statements.

35.1 Business Segments (Rs.'000)

For the Year Ended 31st March	Finance Lease		Loan & Advances		Other		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Interest	2,267,716	2,421,741	4,043,436	3,774,670	1,261,464	946,412	7,572,616	7,142,823
Net Fee and Commission Income	91,193	55,541	286,187	283,886	731	372	378,111	339,799
Other Operating Income	32,499	13,026	77,327	33,944	52,817	23,308	162,643	70,278
Total Revenue	2,391,408	2,490,308	4,406,950	4,092,500	1,315,012	970,092	8,113,370	7,552,900
Interest Expense	(1,435,211)	(1,535,350)	(2,559,044)	(2,393,089)	(798,365)	(600,012)	(4,792,620)	(4,528,451)
Depreciation and Amortization	(82,710)	(83,106)	(147,475)	(129,535)	(46,009)	(32,478)	(276,194)	(245,119)
Administration and Selling Expenses	(658,600)	(619,622)	(1,174,313)	(965,779)	(366,362)	(242,147)	(2,199,275)	(1,827,548)
Allowances for Impairment charges for Loan and Other Losses	180,696	109,116	(53,723)	(65,612)	-	-	126,973	43,504
Tax on Financial Services	(95,785)	(107,380)	(170,789)	(167,369)	(53,282)	(41,964)	(319,856)	(316,713)
Profit Before Tax	299,798	253,966	301,606	371,116	50,994	53,491	652,398	678,573
Income Tax Expense	(114,039)	(100,875)	(114,727)	(147,407)	(19,397)	(21,247)	(248,163)	(269,529)
Profit For The Year	185,759	153,091	186,879	223,709	31,597	32,244	404,235	409,044
Segment Assets	13,144,867	10,277,510	20,162,349	17,704,689	3,287,228	3,966,641	36,594,444	31,948,840
Segment Liabilities	11,271,870	8,677,040	17,289,440	14,947,618	2,818,835	3,348,934	31,380,145	26,973,592
Segment assets include the additions to non current assets	62,563	101,920	95,963	175,574	15,645	39,336	174,171	316,830

Interest Income given under the business segment "other" includes investment income from government securities and bank deposits amounting to Rs.1,261Mn (2023/24) and Rs. Mn 928 (2022/23)

36 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

An analysis of the interest bearing assets and liabilities employed by the Company as at 31st March, based on the remaining period at the reporting date to the respective contractual maturity date is given below.

As at 31 March 2024	Less than 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
Interest Earning Assets						
Cash and Cash Equivalents	3,825,975,833	-	-	-	-	3,825,975,833
Placements with Banks	132,003,402	122,019,672	-	-	-	254,023,074
Financial Assets Measured at Fair Value through Profit or Loss (FVTPL)	-	18,337,004	445,423,996	-	-	463,761,000
Financial Assets at Amortised Cost-Hire Purchase Receivables	-	-	-	-	-	-
Financial Assets at Amortised Cost-Finance Lease Receivables	1,343,126,073	2,921,157,762	5,265,922,890	1,395,206,945	10,421,791	10,935,835,461
Financial Assets at Amortised Cost-Loans and Advances	5,290,808,073	8,253,061,418	2,372,700,093	850,206,159	7,235,783	16,774,011,526
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	-	2,478,590,812	-	-	-	2,478,590,812
Loans to Employees	8,733,803	16,799,758	48,105,791	16,469,398	-	90,108,750
Total Interest Earning Assets	10,600,647,184	13,809,966,426	8,132,152,770	2,261,882,502	17,657,574	34,822,306,456
Percentage(%)	61.7	18	5.6	13.8	0.9	100.0
Interest Bearing Liabilities						
Financial Liabilities at Amortised Cost-Due to Customers	13,661,023,915	5,266,251,988	1,340,712,780	1,886,012,806	25,509,430	22,179,510,919
Financial Liabilities at Amortised Cost-Interest Bearing Loans and Borrowings	4,481,004,334	184,500,000	205,000,000	2,000,000,000	-	6,870,504,334
Due to Related Companies	105,045,746	-	-	-	-	105,045,746
Lease Liabilities	6,002,443	70,073,529	167,147,415	342,352,411	253,907,793	839,483,591
Bank Overdraft	531,808,678	-	-	-	-	531,808,678
Trade Payables	108,175,642	-	-	-	-	108,175,642
Total Interest Bearing Liabilities	18,893,060,758	5,520,825,517	1,712,860,195	4,228,365,217	279,417,223	30,634,528,910
Percentage(%)	59.7	18.9	5.9	14.5	1.0	100.0

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As at 31 March 2023	Less than 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
Interest Earning Assets						
Cash and Cash Equivalents	2,535,435,379	-	-	-	-	2,535,435,379
Placement with Banks	1,291,977,512	122,019,672	-	-	-	1,413,997,184
Financial Assets at Amortised Cost-Hire Purchase Receivables	-	-	-	-	-	-
Financial Assets at Amortised Cost-Finance Lease Receivables	1,202,032,945	2,681,109,931	4,367,058,637	637,162,141	-	8,887,363,654
Financial Assets at Amortised Cost-Loans and Advances	8,649,349,319	4,595,531,979	1,707,992,390	354,647,089	2,414,641	15,309,935,418
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	-	2,013,991,655	-	-	-	2,013,991,655
Loans to Employees	9,175,244	10,630,852	40,005,473	16,960,734	462,156	77,234,459
Total Interest Earning Assets	13,687,970,399	9,423,284,089	6,115,056,500	1,008,769,964	2,876,797	30,237,957,749
Percentage(%)	45.3	31.2	20.2	3.3	0.0	100.0
Interest Bearing Liabilities						
Financial Liabilities at Amortised Cost-Due to Customers	8,916,667,026	4,434,689,585	3,943,757,391	1,881,891,349	18,598,880	19,195,604,231
Financial Liabilities at Amortised Cost-Interest Bearing Loans and Borrowings	2,294,578,513	1,080,787,580	692,000,000	2,000,000,000	-	6,067,366,093
Due to Related Companies	115,795,362	-	-	-	-	115,795,362
Lease Liabilities	4,774,717	87,819,621	196,983,699	242,175,426	225,891,040	757,644,503
Bank Overdraft	4,247,126	-	-	-	-	4,247,126
Trade Payables	17,427,757	-	-	-	-	17,427,757
Total Interest Bearing Liabilities	11,353,490,501	5,603,296,786	4,832,741,090	4,124,066,775	244,489,920	26,158,085,072
Percentage(%)	43.4	21.4	18.5	15.8	0.9	100.0

37 Financial Instruments

37.1 Financial Risk Management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Integrated Risk Management Committee (IRMC) which is responsible for developing and monitoring Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standard and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board 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 risk faced by the Company. The Board Audit Committee is assisted in its oversight role by internal audit of the parent company and outsourced audit firms. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Board Audit Committee.

37.1.1 Credit Risk

'Credit Risk' is the risk of financial loss to the Company if customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and receivables from customers, Amount Due from related parties and other banks and investment debt securities. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

(i) Settlement Risk

The Company activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honor its obligation to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Company mitigates this risk by conducting settlements through a settlement clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval limit monitoring process described earlier. Acceptance of settlement risk on free-settlement trades retires transaction-specific or counter party-specific approvals from the Company risk.

(ii) Management of Credit Risk

(a) Overview of Management of Credit Risk

The Board of Directors has delegated responsibility for the oversight of credit risk to its Company Delegated Credit Committee. A separate Credit evaluation department, reporting to the Company Credit Committee, is responsible for managing the Company's credit risk, including the following:

Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.

Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Large facilities require approval by Company credit, the Head of the Company Credit, the Credit Committee or the Board of Directors as appropriate.

Reviewing and assessing credit risk: The Company's Credit Committee assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewal and reviews of facilities are subject to the same review process.

Limiting concentrations of exposure to counter-parties, geographies and industries (for loan and receivables, financial guarantees and similar exposures) and by issuer, credit rating band, market liquidity and country (for investment securities).

Developing and maintaining the Company's process for measuring ECL: This includes processes for:

- Initial approval, regular validation and back testing of the models used.
- Determining and monitoring significant increase in Credit risk; and
- Incorporate of forward -looking information.

Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Company Credit Committee, which may require appropriate corrective action to be taken.

Providing advice, guidance and specialist skills to business units to promote best practice throughout the group in the management of credit risk.

Regular audits of business units and Company Credit processes are under taken by internal Audit.

NOTES TO THE FINANCIAL STATEMENTS

(b) Exposure to Credit Risk

(i) Maximum Credit Exposure

Carrying amount of financial assets represents the maximum credit exposure. The maximum exposure and net exposure to credit risk at the reporting date :

As at 31st March	Maximum Exposure		Net Exposure	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cash at Banks (Note 37.1.1 (v) (c))	3,540,198,790	2,280,295,943	3,540,198,790	2,280,295,943
Placements with Banks (Note 37.1.1 (v) (a))	254,023,074	1,413,997,184	254,023,074	1,413,997,184
Loans and receivables from Customers (Note 37.1.1)	28,901,019,084	25,616,282,042	27,709,846,987	24,197,299,072
Financial assets at amortised cost-Debt and Other Financial Instruments (Note 37.1.1 (v) (b))	2,478,590,812	2,013,991,655	2,478,590,812	2,013,991,655
Loans to Employees	90,108,750	77,234,459	90,108,750	77,234,459
Financial assets measured at fair value through profit or loss (FVTPL) (Note 37.1.1 (v) (d))	463,761,000	-	463,761,000	-
	35,263,940,510	31,401,801,283	34,072,768,413	29,982,818,313

The maximum to credit risk for receivables at the reporting date by type of Counter party was

As at 31st March	Net Exposure (Net of Impairment)	
	2024 Rs.	2023 Rs.
Individual Customers	27,309,010,226	23,886,758,637
Corporate Customers	400,836,761	310,540,435
	27,709,846,987	24,197,299,072

The exposure to credit risk by the stages, as of the reporting date is as follows:

As at 31st March	Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023
Gross Exposure	21,508,070,152	18,773,657,521	4,151,336,063	3,790,708,964	3,241,612,869	3,051,915,557
Impairment	121,948,948	227,513,881	74,834,450	132,540,499	994,388,699	1,058,928,590
Net Exposure	21,386,121,204	18,546,143,640	4,076,501,613	3,658,168,465	2,247,224,170	1,992,986,967

Repossessed Assets amounting to Rs. 197,324,873 (2023 – 284,664,398) is included under Stage 3.

(ii) Collateral Held and Other Credit Enhancement

As at 31st March	Percentage of exposure that is subject to collateral requirements		
	2024 %	2023 %	
Type of Credit Exposure			Types of Collateral Held
Hire Purchase Receivables (Note 18.1)	100	100	Vehicles/ Consumer Durables
Finance Lease Receivables (Note 18.2)	100	100	Vehicles
Loans and Advances- Vehicle backed Loans (Note 18.3)	100	100	Vehicles
Loans and Advances- Consumer Fiance Loans (Note 18.3)	100	100	Consumer Durables
Loans and Advances- Gold Loans (Note 18.3)	100	100	Pawning Articles
Loans and Advances- Loans against Deposits (Note 18.3)	100	100	Lien Deposits
Loans and Advances- Personal Loans (Note 18.3)	-	-	Guarantors
Loans to Employees (Note 21.1)	100	100	Vehicles and Guarantors
Due From Related Companies (Note 29.1)	-	-	None
Placement with Banks	100	100	Cash
Financial Assets at Amortised Cost-Debt and Other Financial Instruments (Note 20)	100	100	Marketable Securities

(iii) Credit Quality by Class of Financial Assets

As at 31st March 2024	Not subject to ECL %	12 Month ECL (Stage 1)	Life time ECL – not credit impaired (Stage 2) %	Life time ECL - credit impaired (Stage 3)	Total
As at 31st March 2024					
Cash and Cash Equivalents	3,825,975,833	-	-	-	3,825,975,833
Placement with Banks	254,023,074	-	-	-	254,023,074
Financial Assets Measured at Fair Value through Profit or Loss (FVTPL)	463,761,000	-	-	-	463,761,000
Financial Assets at Amortised Cost-Hire Purchase Receivables	-	-	-	3,237,705	3,237,705
Financial Assets at Amortised Cost-Finance Lease Receivables	-	8,025,504,908	2,101,343,728	1,288,519,299	11,415,367,935
Financial Assets at Amortised Cost-Loans and Advances	-	13,482,565,245	2,049,992,332	1,949,855,864	17,482,413,441
Financial Assets Measured at Fair Value through Other Comprehensive Income	2,185,043	-	-	-	2,185,043
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	2,478,590,812	-	-	-	2,478,590,812
Financial Assets at Amortised Cost-Loans to Employees	-	85,079,158	5,761,226	1,234,389	92,074,773
	7,024,535,762	21,593,149,311	4,157,097,286	3,242,847,257	36,017,629,616

As at 31st March 2023	Not subject to ECL %	12 Month ECL (Stage 1)	Life time ECL – not credit impaired (Stage 2) %	Life time ECL - credit impaired (Stage 3)	Total
Financial assets					
Cash and Cash Equivalents	2,535,435,379	-	-	-	2,535,435,379
Placement with Banks	1,413,997,184	-	-	-	1,413,997,184
Financial Assets at Amortised Cost-Hire Purchase Receivables	-	-	-	3,135,966	3,135,966
Financial Assets at Amortised Cost-Finance Lease Receivables	-	6,423,089,165	1,683,182,211	1,488,532,576	9,594,803,952
Financial Assets at Amortised Cost-Loans and Advances	-	12,350,384,273	2,107,526,750	1,560,431,101	16,018,342,124
Financial Assets Measured at Fair Value through Other Comprehensive Income	2,120,229	-	-	-	2,120,229
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	2,013,991,655	-	-	-	2,013,991,655
Financial Assets at Amortised Cost-Loans to Employees	-	79,228,509	2,442,670	1,352,804	83,023,983
	5,965,544,447	18,852,701,947	3,793,151,631	3,053,452,447	31,664,850,472

NOTES TO THE FINANCIAL STATEMENTS

(iv) Scenario Probability Weightage

Scenario Probability Weighting applied in measuring Expected Credit Loss. The assigned Probability Weightage when measuring ECL for Best case, Base case and Worst Case are 11%, 68% and 21% (2023 – 10%, 10% and 80%) respectively.

(v) Significant Changes in the Gross Carrying amount of financial assets

Following table provides an explanation of how significant changes in gross carrying amount of financial instruments contributed to changes in Expected Credit Loss,

	2024				2023			
	Impact: Increase /(decrease) of ECL allowance				Impact: Increase /(decrease) of ECL allowance			
	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Financial Assets at Amortised Cost- Finance Lease Receivables								
Decrease in leasing portfolio due to facility settlements	(30,198,356)	(26,687,778)	(117,971,728)	(174,857,862)	(8,213,356)	(38,787,456)	(125,679,147)	(172,679,959)

(c) Credit Concentration Risk on Loans and Receivables from Customers

(i) Product Concentration

The Company reviews on a regular basis its concentration of credit granted in each of the product offered. The diversification was made to ensure that an acceptable level of risk in line with the risk appetite of the Company is maintained.

As at 31st March	Maximum Exposure			
	2024		2023	
	Rs.	%	Rs.	%
Leasing	11,415,367,935	40%	9,594,803,952	37%
Hire Purchase	3,237,705	0%	3,135,966	0%
Loans and Advances	17,482,413,444	60%	16,018,342,124	63%
	28,901,019,084	100%	25,616,282,042	100%

As at 31st March	Net Exposure			
	2024		2023	
	Rs.	%	Rs.	%
Leasing	10,935,835,461	40%	8,887,363,654	37%
Hire Purchase	-	0%	-	0%
Loans and Advances	16,774,011,526	60%	15,309,935,418	63%
	27,709,846,987	100%	24,197,299,072	100%

(ii) **Geographical Concentration**

The Company reviews its geographical diversification on a regular basis at the review meetings and sets long-term targets in achieving a geographically well diversified credit portfolio. Company's strategy on geographical diversification was executed through the establishment of a distribution network of the Company. The geographical concentration is considered when selecting prospective locations for new branches as well. The credit concentration of the economy is mostly affected by the wealth distribution of the country where a high concentration was seen in the Western Province.

As at 31st March	Net Exposure (Net of Impairment)			
	2024 Rs.	2024 Rs.	2023 Rs.	2023 Rs.
Central	2,866,761,017	10%	2,575,773,020	11%
Eastern	473,803,450	2%	368,745,972	2%
North Central	1,780,854,856	6%	1,285,700,049	5%
North Western	5,186,315,443	19%	4,931,454,841	20%
Northern	1,319,498,761	5%	1,124,260,909	5%
Sabaragamuwa	896,056,169	3%	788,424,457	3%
Southern	2,954,145,562	11%	2,342,246,547	10%
Uva	706,594,527	3%	584,197,436	2%
Western	11,525,817,202	41%	10,196,495,841	42%
	27,709,846,987	100%	24,197,299,072	100%

(iii) **Sector wise Analysis of Credit Exposures**

The Company manages its credit exposure to a single industry by regularly reviewing the portfolio. As there is more concentration on vehicle related financing of the Company, there is an inherent concentration on the transport sector.

The Company has set targets to bring down the exposures of each industry to a level accepted by the Group based on its risk appetite.

As at 31st March	Net Exposure (Net of Impairment)			
	2024 Rs.	2024 Rs.	2023 Rs.	2023 Rs.
Agriculture	2,476,796,347	9%	2,634,764,182	11%
Tourism	517,231,650	2%	197,085,119	1%
Transport	5,309,416,439	19%	8,437,048,207	35%
Construction	1,774,064,437	6%	820,980,941	3%
Services	4,513,400,469	17%	4,688,372,066	19%
Individual	13,118,937,645	47%	7,419,048,557	31%
	27,709,846,987	100%	24,197,299,072	100%

NOTES TO THE FINANCIAL STATEMENTS

(iv) Allowance for Impairment

The Company's exposure to credit risk on installment credit/hire purchase contracts is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base has a lesser influence on credit risk. Geographically, there is no concentration of credit risk. Leased assets, subject to collateral undertakings so that in the event of non-payment, the Company can have a secured claim.

The Company assesses the impairment for Loans and receivables to customers on collective basis. In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of losses incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical data.

The table shows the microeconomic assumptions used in calculation of the impairment charges.

	GDP Growth	Unemployment	Interest Rate	Inflation
5 Year average -2024	2.72%	4.56%	12.41%	6.18%
5 Year average -2023	1.44%	4.59%	24.36%	10.29%

Impairment Losses

The aging of receivables at the reporting date was

As at 31st March	2024			2023		
	Gross Rs.	Impairment Rs.	Net Rs.	Gross Rs.	Impairment Rs.	Net Rs.
Not past due	16,994,412,889	89,756,205	16,904,656,684	10,857,152,230	98,702,007	10,758,450,223
Past due 1-30 days	4,804,913,969	32,926,299	4,771,987,670	4,892,828,944	63,654,972	4,829,173,972
Past due 31-120 days	4,489,383,868	99,874,245	4,389,509,623	6,852,751,553	212,753,672	6,639,997,881
Past due 121-180 days	686,016,525	96,644,215	589,372,310	1,180,797,793	78,286,603	1,102,511,190
Past due 181-360 days	859,417,503	83,226,065	776,191,438	908,266,012	218,391,663	689,874,349
Past due more than 360 days	1,066,874,330	788,745,068	278,129,262	924,485,510	747,194,053	177,291,457
	28,901,019,084	1,191,172,097	27,709,846,987	25,616,282,042	1,418,982,970	24,197,299,072

(v) Financial Investments

(a) Placement with Banks

As at 31st March	2024		2023	
	Rs.		Rs.	
Rating				
A-	NDB	-	NDB	122,019,672
A-	NTB	-	NTB	1,069,524,283
A-	NTB	254,023,074	NTB	222,453,229
		254,023,074		1,413,997,184

(b) Financial Assets at Amortised Cost-Debt and Other Financial Instruments

As at 31st March	2024	2023
	Rs.	Rs.
Government Securities	2,478,590,812	2,013,991,655
	2,478,590,812	2,013,991,655

** Primary dealers - Commercial Bank of Ceylon PLC & Acuity Securities Ltd, the entire portfolio consist of Government Treasury Bills.

(c) Cash & Cash Equivalents

Cash and cash equivalents comprise of cash in hand and cash at bank and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments.

The cash and cash equivalents are held with the following commercial banks.

Bank	Rating
BOC	A
CARGILS	A-
COMMERCIAL	BBB+
DFCC	A-
HNB	A
NDB	A-
NTB	A-
PABC	BBB
SAMPATH	A
SEYLAN	A-

(d) Financial assets measured at fair value through profit or loss (FVTPL)

Entire portfolio consist from Government Treasury Bonds. Primary dealers -Acuity Securities Ltd.

37.1.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements

31st March 2024	Carrying Amount	Contractual Cash Flows	6 months or Less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non Derivative Financial Liabilities							
Securitization Loans	607,636,857	686,325,866	315,636,893	170,688,973	200,000,000	-	-
Secured Bank Loans	4,035,176,976	4,487,520,318	4,487,520,318	-	-	-	-
Unsecured Bank Loans	-	-	-	-	-	-	-
Unsecured Debenture issues	2,227,690,501	2,654,293,222	435,991,857	213,301,365	5,000,000	2,000,000,000	-
Due to Related Companies	105,045,746	118,313,024	118,313,024	-	-	-	-
Trade Other payables	599,553,471	599,553,471	599,553,471	-	-	-	-
Lease Liabilities	839,483,591	1,263,405,180	67,023,322	109,282,275	255,306,216	509,814,308	321,979,059
Financial Liabilities at Amortised Cost-Due to Customers	22,179,510,919	24,664,924,197	16,227,242,845	3,813,971,415	1,232,828,460	3,365,372,047	25,509,430
Bank Overdrafts	531,808,678	598,976,113	598,976,113	-	-	-	-
	31,125,906,739	35,073,311,391	22,850,257,843	4,307,244,028	1,693,134,676	5,875,186,355	347,488,489

NOTES TO THE FINANCIAL STATEMENTS

31st March 2023	Carrying Amount	Contractual Cash Flows	6 months or Less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Non Derivative Financial Liabilities							
Securitization Loans	2,073,690,611	2,419,167,467	1,427,929,039	429,238,428	562,000,000	-	-
Secured Bank Loans	539,847,048	585,140,216	232,493,632	227,646,584	125,000,000	-	-
Unsecured Bank Loans	-	-	-	-	-	-	-
Unsecured Debenture issues	3,453,828,434	4,158,409,435	1,489,331,354	352,290,500	5,553,011	2,311,234,570	-
Due to Related Companies	115,795,362	147,456,184	147,456,184	-	-	-	-
Trade Other payables	475,520,756	475,520,756	475,520,756	-	-	-	-
Lease Liabilities	757,644,503	1,137,960,981	90,152,561	90,020,144	151,529,950	526,141,507	280,116,819
Financial liabilities at amortised cost-Due to Customers	19,195,604,231	23,480,063,095	13,038,926,779	4,596,888,696	3,943,757,391	1,881,891,349	18,598,880
Bank Overdrafts	4,247,126	5,393,850	5,393,850	-	-	-	-
	26,616,178,071	32,409,111,984	16,907,204,155	5,696,084,352	4,787,840,352	4,719,267,426	298,715,699

37.1.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, Government duties and interest rates will affect the Company's income. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Company's solvency, while optimizing the return on risk. Market risk comprises two types of risks;

- (a) Interest Rate Risk (b) Currency Risk

(a) Interest Rate Risk

Interest Rate Risk is the risk which the Company is exposed due to uncertain and adverse movements in future interest rates. Interest rate risk is monitored through regular review of net interest yields by product to ensure interest rate margins and spreads are maintained and revisiting asset and liability pricing in line with the expectations on the interest yield curve. Further, the Company manages the interest rate risk on borrowings by using a combination of fixed and floating rates.

Profile

At the reporting date, the interest rate profile of the Company interest bearing financial instruments was

As at 31st March	2024 Rs.	2023 Rs.
Fixed Rate Instruments		
Financial Assets	30,998,515,666	27,704,642,599
Financial Liabilities	(23,540,336,652)	(23,282,684,286)
	7,458,179,014	4,421,958,313

	2024	2023
As at 31st March	Rs.	Rs.
Variable Rate Instruments		
Financial Assets	-	-
Financial Liabilities	(6,041,487,279)	(1,984,533,165)
	(6,041,487,279)	(1,984,533,165)

Cash Flow Sensitivity for Variable Rate Instruments

A reasonable possible change of 100 basis points (1%) in interest rate at the Reporting date would increase/(decrease) equity and profit or loss by amounts shown as below. This analysis assumes that all other variables remains constant:

As at 31st March	Profit or Loss		Equity Net of Tax	
	1% Increase Rs.	1% Decrease Rs.	1% Increase Rs.	1% Decrease Rs.
31st March 2024				
Variable Rate Instruments	(60,414,873)	60,414,873	(42,290,411)	42,290,411
Cash Flow Sensitivity (Net)	(60,414,873)	60,414,873	(42,290,411)	42,290,411

As at 31st March	Profit or Loss		Equity Net of Tax	
	1% Increase Rs.	1% Decrease Rs.	1% Increase Rs.	1% Decrease Rs.
31st March 2023				
Variable Rate Instruments	(19,845,332)	19,845,332	(13,891,732)	13,891,732
Cash Flow Sensitivity (Net)	(19,845,332)	19,845,332	(13,891,732)	13,891,732

(b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company, as at the reporting date, do not hold 'Financial instruments' denominated in currencies other than its functional / reporting currency, hence do not get exposed to currency risk arising from translation of such balances in to the functional / reporting currency, which is Sri Lankan Rupees.

The only currency risk faced by Singer Finance (Lanka) PLC is from the foreign currency held by the Company from its Foreign Exchange Operation.

The Company monitors exchange rates daily and take necessary steps to mitigate the Currency Risk by adjusting its Foreign Currency Exchange rates accordingly. Therefore, currency risk to the Company is minimal.

37.1.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from operations of the Company.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management of the Company. This responsibility is supported by the development of the Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions

NOTES TO THE FINANCIAL STATEMENTS

- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective
- Information technology and cyber risk and,

Compliance with Company standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, senior management of the Company and the Audit Committee.

37.2 Capital Management

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

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

The capital structure of the Company consists of debt and equity of the Company. The capital structure of the Company is reviewed by the Board of Directors on a concurrent basis.

37.2.1 Capital Adequacy

Capital adequacy is a measure of financial institution's financial strength and stability. This is a widely accepted concept, tries to specify the limit up to which a business can expand in terms of its risk-weighted assets. Finance companies in pursuit of business expansion, could engage themselves in activities that regularly change their risk profile. In light of this, regulatory capital requirements have been established to avoid undue expansion beyond specified limits keeping a hold on company's exposure to risk. Capital serves as a comfort to absorb unexpected losses, providing a degree of security to depositors and other key stakeholders.

This measure has been introduced by the Central Bank of Sri Lanka to protect the interest of the various stakeholders of the Company while ensuring the maintenance of confidence and stability of the financial system.

The Capital Adequacy ratio is calculated as a percentage on company's capital to its risk weighted assets as specified by the direction No 03 of 2018 with effect from 1st July 2018 .

Based on the Direction No. 03 of 2018 the Listed Finance Companies which are having asset base less than 100 Billion need to have minimum Core Capital Ratio (Tier-I) of 8.5% and a Total Capital Ratio of 12.5% with effect from 1st July 2022.

The Core Capital represents the permanent shareholders', equity and reserves created or increase by appropriations of retained earnings or other surpluses and the total capital includes in addition to the core capital, the revaluation reserves, general provisions and other hybrid capital instruments and unsecured subordinated debts.

The Risk Weighted Assets have been calculated by multiplying the value of each category of asset using the risk weight specified by the Central Bank of Sri Lanka.

Details of the computation and the resulting ratios are given below:

As at 31st March	Balance		Risk-Weighted Factor %	Risk-Weighted Balance	
	2024 Rs.	2023 Rs.		2024 Rs.	2023 Rs.
Assets					
Risk Weighted Amount for Credit Risk					
Notes and Coins	283,286,650	254,314,115	0%	-	-
Cash Items in the Process of Collection	87,091,006	103,195,627	20%	17,418,201	20,639,125
Fixed Assets	1,336,418,840	1,298,311,478	100%	1,336,418,840	1,298,311,478
Other Assets/ Exposures	355,404,802	309,182,362	100%	355,404,802	309,182,362
Investment in Government Securities	2,942,351,812	2,013,991,655	0%	-	-
Claims on Banks					
AAA to BBB-	3,701,426,334	3,563,382,611	20%	740,285,267	712,676,522
Below B-	-	4,012,499	150%	-	6,018,749
Claims on Corporates					
AAA to AA-	-	-	20%	-	-
Unrated	2,185,043	2,120,229	100%	2,185,043	2,120,229
Retail claims in respect of motor vehicles and machinery	10,087,230,984	8,936,390,391	100%	10,087,230,984	8,936,390,391
Claims Secured by Gold					
Outstanding claim portion up to 70% of the market value	5,030,914,386	6,380,720,529	0%	-	-
Remaining outstanding claim portion over 70% of the market value	482,592,468	1,192,944,142	100%	482,592,468	1,192,944,142
Retail claims secured by immovable property					
Retail claims that qualify for regulatory capital purposes	19,273,451	-	50%	9,636,726	-
Retail claims that do not qualify for regulatory capital purposes	-	78,066,590	100%	-	78,066,590
Other retail claims	9,439,435,298	4,269,348,547	125%	11,799,294,123	5,336,685,684
Non-performing retail claims secured by immovable property					
Specific provisions are equal or more than 20%	-	-	50%	-	-
Specific provisions are less than 20%	4,249,138	-	100%	4,249,138	-
Other Non-Performing Assets					
Specific provisions are equal or more than 20%	104,438,703	297,822,738	100%	104,438,703	297,822,738
Specific provisions are less than 20%	2,006,129,469	1,271,637,844	150%	3,009,194,204	1,907,456,766
Total Risk - Weighted Assets	35,882,428,384	29,975,441,357		27,948,348,499	20,098,314,776

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As at 31 March	Balance		Risk-Weighted Factor %	Risk-Weighted Balance	
	2024 Rs.	2023 Rs.		2024 Rs.	2023 Rs.
Risk Weighted Amount for Operational Risk					
Interest Income	6,614,124,667	5,081,737,180	15%	992,118,700	762,260,577
Interest Expenses	(3,755,861,333)	(2,758,426,084)	15%	(563,379,200)	(413,763,913)
Non-interest income	426,118,000	828,945,325	15%	63,917,700	124,341,799
	3,284,381,334	3,152,256,421		492,657,200	472,838,463
Risk-Weighted Amount for operational Risk under the Basic Indicator Approach				3,941,257,600	3,782,707,705
Total Risk - Weighted Assets	39,166,809,718	33,127,697,778		31,889,606,099	23,881,022,481
Total Capital Base Computation					
Stated Capital				1,996,444,457	1,996,444,457
Reserved Fund				335,410,743	254,563,754
Published Retained Earnings				2,829,206,668	2,722,160,451
Less:-					
Deferred Tax Assets (net)				93,093,404	113,392,070
Other Intangible Assets (net)				87,824,543	80,387,296
Total Core Capital				4,980,143,921	4,779,389,296
Supplementary Capital				933,333,333	1,333,333,333
Total Supplementary Capital				933,333,333	1,333,333,333
Capital Base				5,913,477,255	6,112,722,629
Capital Adequacy ratio					
As at 31st March				2024 %	2023 %
Core Capital Ratio	Core Capital			15.62%	20.01%
	Risk- Weighted Assets				
Total Capital Ratio	Capital Base			18.54%	25.60%
	Risk- Weighted Assets				

38 Commitments and Contingencies

Accounting Policy

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

38.1 Commitments

There were no significant capital commitments which have been approved or contracted for by the Company as at the reporting date except for the following.

Operating Lease Commitments

As at 31st March	2024 Rs.	2023 Rs.
Within one year	9,305,064	10,865,065

38.2 Contingencies

(a) As at 31st March 2024, the Company has provided letters of guarantee totalling to Rs. 2,500,000/- against Fixed Deposits of Rs. 2,500,000/-

(b) Case bearing No. 404 has been filled against Singer Finance (Lanka) PLC by a customer in the District Court of Ampara claiming Rs. 2,000,000/- as damages caused by repossessing and selling of a vehicle leased through the Company. The case will be called on 20th May 2024 for further trial.

(c) Further, the Company has received summons for case number 004674/21DMR claiming Rs.3,800,000/- as damages. The case will be called on 13th June 2024 for proxy and answer.

The lawyers of the Company are of the view that the ultimate resolution of these litigations would not likely to have a material impact.

38.3 Assets Pledged

Company has given a negative pledge amounting to Rs.8,498,100,000/- over the Company's Lease receivable and Loans for the following banks over Loans, Overdrafts, Securitization & Debentures having a carrying value of Rs.6,237,000,000/- as at 31st March 2024.

			Outstanding Credit Facility Rs.	Carrying Value Rs.
Sampath Bank	130% of the Banks's exposure	Loan	500,000,000	1,040,000,000
		Overdraft Facility	300,000,000	
Commercial Bank	150% of the Banks's exposure	Overdraft Facility	200,000,000	300,000,000
Seylan Bank	130% of the Banks's exposure	Loan	925,000,000	
		Overdraft Facility	250,000,000	1,527,500,000
Nations Trust Bank	130% of the Banks's exposure	Loan	1,800,000,000	
		Overdraft Facility	200,000,000	2,600,000,000
Cargills Bank	130% of the Banks's exposure	Loan	200,000,000	
Bank of Ceylon	130% of the Banks's exposure	Loan	300,000,000	390,000,000
Pan Asia Bank Corporation	130% of the Company exposure	Loan	500,000,000	
National Development Bank	130% of the Banks's exposure	Loan	400,000,000	650,000,000
		Overdraft Facility	100,000,000	
Trustee (Hatton National Bank & National Savings Bank)	130% of the Banks's exposure	Securitization	562,000,000	730,600,000
			6,237,000,000	

39 Events after the Reporting Period

There have been no material events occurring after the Reporting date which require adjustments to or disclosure in the financial statements.

40 Related Party Transactions**40.1 Identification of Related Parties**

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24) - "Related Party Disclosure", the details of which are reported below.

The Company's immediate Parent Undertaking is Singer (Sri Lanka) PLC. The Company's Ultimate Parent Undertaking is Hayleys PLC.

NOTES TO THE FINANCIAL STATEMENTS

40.2 Transactions with Parent Company and Affiliate Companies

During the year, the company had the following transactions with its parent company and other related entities.

Name of the Company and Relationship	Nature of Transaction	2024 Rs.	2023 Rs.
Hayleys PLC (Ultimate Parent)	Expenses Paid Through Hayleys PLC	60,059,383	94,436,163
	Balance Settlement	103,506,145	48,735,690
Singer (Sri Lanka) PLC (Parent Company)	Withdrawals of Rental Collections From Singer (Sri Lanka) PLC	1,536,248,874	1,593,859,056
	Sales Financed to purchase goods from Singer (Sri Lanka) PLC	73,698	1,013,806
	Balance Settlement during the Year	328,240,611	-
	Purchase of Assets	52,936,497	50,722,878
	Interest Income / Expense	3,432,049	15,764,101
	Rental Collections through Singer (Sri Lanka) PLC	1,537,851,792	1,860,667,683
	Service Charge Income	-	29,325
	Collection Commission Paid	18,187,423	19,157,646
	Royalty Expense Charged During The Period	65,966,001	64,483,640
	Rent Reimbursed	10,255,662	10,568,498
	Expenses Paid Through Singer (Sri Lanka) PLC	209,708,029	186,365,633
Singer Industries (Ceylon) PLC (Common immediate Parent)	Invested in Fixed Deposits	-	149,751,448
	Deposits Interest Payment (Gross)	-	17,676,866
	Withdrawal of Fixed Deposit	-	166,554,545
Hayleys Business Solutions International (Pvt) Ltd. (Common Ultimate Parent)	Payroll Processing Charges	1,173,424	1,151,697
	Balance Settlement	1,155,886	1,081,340
Fentons LTD (Common Ultimate Parent)	Purchased of Assets/ Services Obtained	25,983,205	41,757,021
	Rovolving Loan Granting	-	27,000,000
	Balance Settlement	24,103,265	42,002,776
	Finance Lease Rental Collection	26,440,593	11,427,644
Energynnet (Pvt) LTD (Common Ultimate Parent)	Purchased of Assets/ Services Obtained	2,993,962	50,128
	Balance Settlement	2,841,470	50,128
Hayleys Electronics (Pvt) LTD (Common Ultimate Parent)	Sales Financed through group sales	194,930,250	-
	Balance Settlement	141,936,260	-
Ravi Industries LTD (Common Ultimate Parent)	Balance Settlement	-	140,000
Mabroc Teas (Pvt) LTD (Common Ultimate Parent)	Purchases	2,201,704	1,290,238
	Balance Settlement	2,201,704	1,290,238
The Kingsbury PLC (Common Ultimate Parent)	Purchases	1,380,360	460,401
	Balance Settlement	1,359,112	364,166
Amaya Leisure PLC (Common Ultimate Parent)	Finance Lease Renatal Collection	3,888,000	4,075,094

40.3 Net accommodation outstanding in respect of each category of related parties as a percentage of the Company's capital funds.

As at 31st March	2024		2023	
	Rs.	Percentage of the Core Capital	Rs.	Percentage of the Core Capital
Category of Related Party Transactions				
Directors	-	-	-	-
KMP	6,283,638	0.13	2,513,705	0.05
Directors and their close family members	-	-	-	-
Key Management personnel and their close family members	-	-	-	-
Subsidiaries	-	-	-	-
Joint Venture	-	-	-	-
Entities which Directors and their close family members have a substantial interest	-	-	-	-
Government of Sri Lanka/ Entities Controlled, Jointly Controlled, Significantly Influenced by the government of Sri Lanka	-	-	-	-
Subsidiaries of the Immediate parent and Common Ultimate Parent	8,990,009	0.20	40,172,998	0.84

40.4 Disclosures on related party transactions according to the section 9 of the listing rules

During the year the Company has entered in to following recurrent related party transactions which exceed 10% of the gross revenue/income as disclosed below;

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the Financial Year Rs.	Aggregate value of Related Party Transactions as a % of Gross Revenue %	Terms and Conditions of the Related Party Transactions
Singer (Sri Lanka) PLC	Parent Company	Withdrawals of Rental Collections From Singer (Sri Lanka) PLC	1,536,248,874	19	Interest rate at the market rate
		Rental Collections through Singer (Sri Lanka) PLC	1,537,851,792	20	

40.5 The amount due to Singer (Sri Lanka) PLC as at 31st March 2024, are disclosed in Note 29 of the Financial Statements.

40.6 Transactions With Key Management Personnel

(a) According to LKAS 24 - "Related Party Disclosure", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors of the Company and its parent company (Including Executive and Non Executive Directors) and their immediate family members, Key & Senior Management and their immediate family members have been classified as Key Management Personnel of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(i) Transactions of Key Management Personnel or Close Family Members

As at 31st March		2024 Rs.	2023 Rs.
Directors of Singer Finance (Lanka) PLC	Deposits Placed	25,214,522	94,865,987
	Withdrawals	14,158,620	50,779,041
	Balance as at end of the Year	179,988,355	142,829,858
Director's Immediate Family members of Singer Finance (Lanka) PLC	Deposits Placed	5,960,000	1,000,000
	Withdrawals	-	3,588,439
	Balance as at end of the Year	24,663,119	16,719,870
Key & Senior Management & their Immediate Family members of Singer Finance (Lanka) PLC	Deposits Placed	40,277,611	62,938,891
	Withdrawals	55,641,802	41,040,341
	Balance as at end of the Year	140,670,299	137,949,169
	Loans Granted	8,500,000	1,000,000
	Finance Lease & Loans Receivable as at end of the Year	6,283,638	2,513,705

(ii) Compensation of Key Management Personnel

For the Year Ended 31st March		2024 Rs.	2023 Rs.
Short-Term Employee Benefits - Directors		33,423,157	25,367,532
- Key & Senior Managers		131,047,421	93,438,666
Defined contribution Plans - Key & Senior Managers		12,330,000	9,468,239
Post-Employment Benefit Paid - Directors		-	-
- Key & Senior Managers		2,340,000	-

In addition to their salaries the Company provides non-cash benefits to the Key Management Personnel and contributes to a past employment defined benefit plan on their behalf. Directors emoluments are disclosed in Note 10 to the Financial Statements.

(iii) No transaction had been taken place during the year with the parties/entities in which Key Management Personnel or their close family members have control, joint control or significant influence other than disclosed above.

40.7 Transactions with Related Parties are carried out in the ordinary course of the business and were made on terms equivalent to those that prevail in arm's length transactions.

42 Directors' Responsibility

Directors of the company are responsible for the preparation and presentation of these Financial Statements.

Parent ,Associate & Related Companies

Company Name	Principal Activity	Directors
Hayleys PLC	Global Markets and Manufacturing, Agriculture, Power and Energy, domestic and industrial lighting, Transportation and Logistics, Leisure and Aviation, Consumer, and Investments and Services.	Mr. A.M. Pandithage - Chairman and Chief Executive Mr. S.C. Ganegoda Mr. H.S.R. Kariyawasan Dr. H. Cabral Mr. L.R.V. Waidyaratne Mr. M.H. Jamaldeen Mr. M.Y.A. Perera Ms. J. Dharmasena Mr. R.J. Karunaratjah Mr. K.D.G. Gunaratne Mr. T.A.B. Speldewinde Mr. P.Y.S. Perera
Singer (Sri Lanka) PLC	Trading in Sewing Machines, Industrial Machines, Electrical Equipment & Consumer Durables, Personal Computers, Agricultural Equipment & Furniture.	Mr. A.M. Pandithage Mr. M.H. Wijewardene Mr. S.C. Ganegoda Mr. D.K. De S. Wijeyeratne Mr. D. Sooriyaarachchi Mr. D.H. Fernando Mr. M.H. Jamaldeen Ms. H.M.G. De Alwis Ms. K.A.D.B. Perera
Singer Industries (Ceylon) PLC	Manufacturing Sewing Machines.	Mr. A.M. Pandithage Mr. M.H. Wijewardene Mr. D.K. De S. Wijeyeratne Mr. K.D. Kospelawatta Mr. M.H. Jamaldeen Mr. N.L.S. Joseph Mr. K.D.G. Gunaratne Mr. R.S. Kulasuriya Mr. S.C. Ganegoda
Hayleys Travels	Flight Tickets, Holiday Packages, VISA services, Travel Insurance & Rent a car.	Mr. A.M. Pandithage Mr. S.C. Ganegoda Mr. J.G. Victoria Ms. V. Jayasundera Mr. L.R.V. Waidyaratne Mr. M.I.S. Sabar Mr. M.R.S. Ahmed Mr. U.D.C. Priyantha

NOTES TO THE FINANCIAL STATEMENTS

Company Name	Principal Activity	Directors
Fentons LTD	Mechanical, Electrical and Plumbing services.	Mr. A.M. Pandithage Mr. S.C. Ganegoda Mr. T.G. Toradeniya Mr. M.Y.A. Perera Mr. H.P.G.S.E.M. De Alwis Mr. M.H.C. Prematillake Mr. J.M.J. Perera Mr. R.S.S. Perera Mr. P.B.J. Gunawardana
Hayleys Business Solution	Providing Business Process Management Services.	Mr. A.M. Pandithage Mr. S.C. Ganegoda Mr. M.S. Mohammed Ms. A.R. Malewana Mr. M.L.K Somaratne
Energynet (Pvt) Ltd	Company is working in Networking, Computer Networking, Electrical Goods, Computers business activities.	Mr. A.M. Pandithage Mr. S.C. Ganegoda Mr. H.P.G.S.E.M. De Alwis Mr. M.H.C. Prematillake Mr. R.S.S. Perera Mr. P.B.J. Gunawardana
Ravi Industries (Pvt) Ltd	Manufacturing Company.	Mr. A.M. Pandithage Mr. M.M.A.R.P. Goonetilleke Mr. S.C. Ganegoda Mr. H.S.R. Kariyawasan Mr. L.A.K.I. Kodytuwakku Mr. M.C. Sampath Mr. R.L.D.K. Gunawardana
Mabroc Teas	Tea Manufacturers and Exporters.	Mr. A.M. Pandithage Mr. N.R. Ranatunga Dr. W.G.R. Rajadurai Mr. R.S. Samarasinghe Mr. S.C. Ganegoda Mr. A. Weerakoon Mr. S.C. Hikkaduwa
The Kingsbury PLC	Hospitality and Leisure Services.	Mr. A.M. Pandithage Mr. R.J. Karunaratna Mr. S.C. Ganegoda Ms. K.A.D.B. Perera Ms. R.N. Ponnambalam Ms. I. Jamaldeen Mr. T.A.B. Speldewinde Mr. N.J. De S. Deva-Aditya Mr. D.T.R. De Silva
Hayleys Electronics Ltd	Lighting Electric and Electronic products Providers.	Mr. A.M. Pandithage Mr. M.H.C. Prematillake Mr. H.P.G.S.E.M. De Alwis Mr. S.C. Ganegoda Mr. P.B.J. Gunawardana

TEN YEAR SUMMARY

Year Ended 31st March	2024 Rs.000	2023 Rs.000	2022 Rs.000	2021 Rs.000	2020 Rs.000	2019 Rs.000	2018 Rs.000	2017 Rs.000	2016 Rs.000	2015 Rs.000
Operating Results										
Income	8,113,371	7,552,900	5,486,505	4,713,704	4,598,412	4,129,845	3,277,570	2,610,297	2,113,396	1,986,040
Interest Expense	4,792,620	4,528,451	1,946,514	1,920,500	1,991,392	1,645,624	1,287,378	978,996	688,135	669,413
Non-Interest Expense (Personal Cost, Admin and Selling and Impairment)	2,348,497	2,029,164	2,293,752	1,978,715	1,716,842	1,500,361	1,118,830	937,298	696,664	711,726
Value Added Tax (VAT), Nation Building Tax (NBT) and Debt Repayment Levy (DRL) on Financial Services, Social Security Contribution Levy	319,856	316,713	287,570	212,687	259,867	260,956	171,063	125,789	81,784	38,766
Profit Before Tax	652,398	678,573	958,669	601,801	630,310	722,904	700,299	568,214	646,813	566,135
Provision for Taxation	248,163	269,529	337,529	191,674	241,269	181,170	257,153	198,385	205,958	177,469
Profit After Tax	404,235	409,044	621,140	410,127	389,041	541,734	443,146	369,830	440,855	388,666
Other Comprehensive Income for the Year, Net of Taxes	(3,524)	6,231	(3,303)	(840)	970	(1,290)	(6,506)	1,159	720	1,563
Total Comprehensive Income for the Year	400,711	415,275	617,837	409,287	390,011	540,444	436,639	370,988	440,135	387,103
Dividends	161,659	161,659	161,659	-	-	222,281	196,011	175,253	248,000	206,667
As at 31st March	2024 Rs.000	2023 Rs.000	2022 Rs.000	2021 Rs.000	2020 Rs.000	2019 Rs.000	2018 Rs.000	2017 Rs.000	2016 Rs.000	2015 Rs.000
Assets										
Liquid assets	6,558,590	5,963,424	2,427,991	1,895,119	1,105,660	1,024,006	1,048,590	797,195	666,326	766,506
Investments	2,185	2,120	41	41	41	41	41	41	41	41
Financial assets measured at fair value through profit or loss (FVTPL)	463,761	-	-	-	-	-	-	-	-	-
Advances	27,709,849	24,197,300	26,350,003	21,090,544	20,157,566	17,848,131	14,366,433	11,552,460	10,036,295	7,841,541
Other Assets	342,724	293,905	246,508	260,804	260,166	290,636	210,265	192,113	185,872	141,412
Property, Plant & Equipment	638,235	623,902	444,453	372,602	327,720	221,885	120,587	124,658	111,233	66,728
Due From Related Companies	-	-	-	418,492	185,522	92,444	336,269	201,865	-	-
Intangible Assets	87,825	80,387	69,459	44,414	42,277	46,293	49,420	32,011	36,041	30,728
Deferred Tax Assets	93,093	113,392	78,675	5,207	-	15,632	-	-	-	-
Right-of-use Assets / Lease Assets	698,183	674,409	645,887	583,989	468,490	-	-	-	-	-
Total Assets	36,594,445	31,948,839	30,263,017	24,671,212	22,547,442	19,539,068	16,131,605	12,900,343	11,035,808	8,846,956
Liabilities										
Interest-Bearing Loans & Borrowings	7,402,313	6,071,613	11,377,675	7,772,403	9,846,529	6,631,191	4,990,518	5,493,345	3,978,929	1,592,323
Deposit from customers	22,179,511	19,195,604	12,295,391	10,643,164	7,175,552	6,095,816	5,356,078	3,210,548	3,173,767	4,150,193
Amount due to Related Companies	105,046	115,795	72,461	455,906	404,512	1,001,570	1,465,346	771,235	421,199	51,325
Retirement Benefit Obligations	161,997	128,520	101,458	83,245	73,397	63,118	55,213	36,842	30,515	22,369
Defferd Tax Liability	-	-	-	-	77,364	-	154,876	39,942	54,345	31,972
Other Liabilities	691,795	704,414	919,494	782,747	584,903	2,203,438	774,462	627,815	779,425	634,614
Lease Liabilities	839,484	757,645	721,891	615,278	476,003	-	-	-	-	-
Total Liabilities	31,380,146	26,973,591	25,488,370	20,352,743	18,638,260	15,995,133	12,796,493	10,179,727	8,438,180	6,482,796

TEN YEAR SUMMARY

As at 31st March	2024 Rs.000	2023 Rs.000	2022 Rs.000	2021 Rs.000	2020 Rs.000	2019 Rs.000	2018 Rs.000	2017 Rs.000	2016 Rs.000	2015 Rs.000
Equity										
Stated Capital	1,996,444	1,996,444	1,996,444	1,996,444	1,996,444	1,996,444	1,994,455	1,445,333	1,445,333	1,445,333
Statutory Reserves	335,411	254,564	234,112	203,055	182,548	163,096	136,009	113,852	95,361	73,318
FVOCI Fund	2,144	2,079	-	-	-	-	-	-	-	-
Regulatory Loss Allowance Reserve	51,093	-	-	-	-	-	-	-	-	-
Retained Earnings	2,829,207	2,722,160	2,544,091	2,118,970	1,730,190	1,384,395	1,204,648	1,161,431	1,056,934	845,509
Total Equity	5,214,299	4,975,247	4,774,647	4,318,469	3,909,182	3,543,935	3,335,112	2,720,616	2,597,628	2,364,160
Total Liabilities & Equity	36,594,445	31,948,838	30,263,017	24,671,212	22,547,442	19,539,068	16,131,605	12,900,343	11,035,808	8,846,956
Investor Information										
Gross Dividend (Rs.)	161,659	161,659	161,659	-	-	222,281	196,011	175,253	248,000	206,667
Dividend per share (Rs.)	0.80	0.80	0.80	-	-	1.10	0.97	1.06	1.50	1.25
Dividend Cover (Times)	2.50	2.53	3.84	-	-	2.44	2.26	2.11	1.78	1.88
Net Assets Per Share (Rs.)	25.80	24.62	23.63	21.37	19.35	17.54	16.50	16.46	15.71	14.30
Market Price Per Share (Rs.) -Maximum	15.50	14.00	20.30	19.40	14.70	16.40	21.00	23.60	27.90	21.40
Market Price Per Share (Rs.) -Minimum	10.50	9.00	12.90	7.40	8.00	12.50	14.90	16.60	16.50	12.00
Price as at Year End (Rs.)	12.40	11.30	13.00	13.70	8.60	12.60	15.40	17.10	18.10	18.30
Price Earning Ratio (Times)	6.20	5.58	4.23	6.75	4.47	4.70	6.11	7.63	6.79	7.78
Earning Per Share (After Tax)	2.00	2.02	3.07	2.03	1.93	2.68	2.52	2.24	2.67	2.35
Ratios										
Annual Income Growth (%)	7.42	37.66	16.39	2.51	11.35	26.00	25.56	23.51	6.41	4.82
Growth In Interest Expenses (%)	5.83	132.64	1.35	(3.56)	21.01	27.83	31.50	42.27	2.80	(11.86)
Growth In Non Interest Expenses (%)	15.74	(11.54)	15.92	15.25	14.43	34.10	19.37	34.54	(2.12)	(2.82)
Growth In Profit after tax (%)	(1.18)	(34.15)	51.45	5.42	(28.19)	22.25	19.82	(16.11)	13.43	44.70
Growth In Advances (%)	14.52	(8.17)	24.94	4.63	12.94	24.23	24.36	15.11	27.99	11.27
Growth In Deposits (%)	15.54	56.12	15.52	48.33	17.71	13.81	66.83	1.16	(23.53)	(2.97)
Growth In Shareholder's Fund (%)	4.80	4.20	10.56	10.47	10.31	6.26	22.59	4.73	9.88	13.41
Equity:Assets (%)	14.25	15.57	15.78	17.50	17.34	18.14	20.67	21.09	23.54	26.72
Debt:Equity (Times)	5.67	5.08	4.96	4.26	4.46	3.87	3.40	3.38	2.92	2.45

SHARE INFORMATION

1. Stated Capital

As at 31st March	2024	2023
Issued and Fully-paid Capital (Rs.)	1,996,444,457	1,996,444,457
No. of Shares	202,074,075	202,074,075
Class of shares	Ordinary Shares	Ordinary Shares
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

2. Stock Exchange Listing

The issued Ordinary Shares of Singer Finance (Lanka) PLC are listed with the Colombo Stock Exchange of Sri Lanka.

3. Directors Shareholdings

As at 31st March	2024	2023
Name of the Director	No of Shares	No of Shares
Mr. Aravinda Perera	-	-
Mr. Jayanth Perera	-	-
Ms.Darshini Talpahewa	-	-
Mr. Thushan Amarasuriya (CEO / Executive Director)	50,155	50155
Mr. Mahesh Wijewardene	-	-
Mr. Ranil De Silva	-	-
Mr. Saman Herath	-	-
"Mr. Dhammika Dias Wickemaratne Siriwardene (Appointed w.e.f. 22nd April 2024)"	-	-

4. Analysis of Shareholders According to the Number of Shares as at 31st March 2024

No. of Shareholders: 31st March 2024 - 5,989 (31st March 2023 - 6,111)

As at 31st March	Resident Shareholders			Non Resident Shareholders			Total Shareholders		
	No. of Holders	Total Holdings	%	No. of Share holders	Total Holdings	%	No. of Share holders	Total Holdings	%
1-1000	4,360	1,760,628	0.87	14	9,010	0.00	4,374	1,769,638	0.88
1001-10000	1,235	4,122,490	2.04	5	26,522	0.01	1,240	4,149,012	2.05
10001-100000	321	9,719,026	4.81	4	152,500	0.08	325	9,871,526	4.89
100001-1000000	41	10,867,667	5.38	2	338,000	0.17	43	11,205,667	5.55
Over 10,000,001	7	175,078,232	86.64	0	-	0.00	7	175,078,232	86.64
Total	5,964	201,548,043	99.74	25	526,032	0.26	5,989	202,074,075	100.00

SHARE INFORMATION

5. Analysis of Shares

As at 31st March Categories of Shares	2024		2023	
	No. of Share Holders	No. of shares	No. of Share Holders	No. of shares
Individuals	5,831	25,241,681	5,960	27,217,836
Institutions	158	176,832,394	151	174,856,239
Total	5,989	202,074,075	6,111	202,074,075

6. Market Value Per Share

For the Year Ended 31st March Categories of Shares	2024		2023	
	Rs.	Date	Rs.	Date
Highest Value per share during the Year	15.50	18th August 2023	14.00	17th June 2022
Lowest Value per share during the Year	10.50	22nd May 2023	9.00	10th January 2023
Closing Price	12.30	28th March 2024	11.30	31st March 2023

7. Dividends

Interim Dividend **2023/24 - Nil** (2022/23 -Rs. 0.80)

Dividend Pay Out Ratio % **2023/24 - Nil** (2022/23 - 39.5%)

Final Dividend **2023/24 - Nil** (2022/23 - Rs. Nil)

8 Twenty Largest Shareholders

As at 31st March Name of the Shareholder	2024	
	No of Shares	%
1 Singer (Sri Lanka) PLC	161,513,035	79.93
2 Employees Trust Fund Board	3,440,878	1.70
3 Mr. Amarakoon Mudiyansele Weerasinghe	3,181,765	1.57
4 Associated Electrical Corporation Ltd	3,147,500	1.56
5 Mr. Atapattu Mudiyansele Chandrasoma Sunil Atapattu	1,517,994	0.75
6 J.B. Cocoshell (Pvt) Ltd	1,214,282	0.60
7 Mr. Mark Lawrence Ajit Benedict	1,062,778	0.53
8 Mr. Subramaniam Vasudevan & Mrs. V. Saraswathi	693,650	0.34
9 United Motors Lanka PLC	679,224	0.34
10 Mr. Ram Pritamdas, Mr. D. Pritamdas & Miss. L.P. Hathiramani	605,000	0.30
11 Mrs. Vasudevan Saraswathi & Mr. S. Vasudevan	575,000	0.28
12 People's Leasing & Finance Plc/L.P.Hapangama	570,738	0.28
13 Unimo Enterprises Ltd	521,885	0.26
14 Trading Partners (Pvt) Ltd	491,910	0.24
15 Mr. Dadimuni Chatura Pavitra De Silva Siriwardane	480,152	0.24
16 A E C Properties (Pvt) Ltd	440,000	0.22
17 Hatton National Bank Plc/Arunasalam Sithampalam	420,944	0.21
18 Mr. Loku Narangodage Sarath Kumara Samarasinghe	355,000	0.18
19 Mercantile Investments and Finance PLC	296,760	0.15
20 Mr. Vidyaratne Ganitaguruge Kulatunge Vidyaratne	250,555	0.12
	181,459,050	89.80
Others	20,615,025	10.20
	202,074,075	100

As at 31st March Name	2023	
	No of Shares	%
1 Singer (Sri Lanka) PLC	161,513,035	79.93
2 Employees Trust Fund Board	3,440,878	1.70
3 Mr. Amarakoon Mudiyansele Weerasinghe	3,181,765	1.57
4 Associated Electrical Corporation Ltd	3,147,500	1.56
5 Mr. Atapattu Mudiyansele Chandrasoma Sunil Atapattu	1,626,000	0.80
6 Mr. Mark Lawrence Ajit Benedict	1,069,278	0.53
7 Mrs. Uduwage Dona Deepthika Nilmini Perera	845,284	0.42
8 United Motors Lanka PLC	679,224	0.34
9 Mr. Subramaniam Vasudevan & Mrs. V. Saraswathi	625,000	0.31
10 Mr. Ram Pritamdas, Mr. D. Pritamdas & Miss. L.P. Hathiramani	605,000	0.30
11 Mrs. Vasudevan Saraswathi & Mr. S. Vasudevan	575,000	0.28
12 People's Leasing & Finance Plc/L.P.Hapangama	570,738	0.28
13 Unimo Enterprises Ltd	521,885	0.26
14 Mr. Dadimuni Chatura Pavitra De Silva Siriwardane	480,152	0.24
15 A E C Properties (Pvt) Ltd	440,000	0.22
16 Hatton National Bank Plc/Arunasalam Sithampalam	420,944	0.21
17 Mr. Loku Narangodage Sarath Kumara Samarasinghe	355,000	0.18
18 Mr. Weragoda Vidanelage Nelum Banduka Weragoda	303,438	0.15
19 Mercantile Investments and Finance PLC	296,760	0.15
20 Trading Partners (Pvt) Ltd	273,823	0.14
	180,970,704	89.56
Others	21,103,371	10.44
	202,074,075	100

Public Holdings

Public holding as at **31st March 2024** is **20.05%** (31st March 2023 is 20.05%)

No. of Shareholders representing public holding- **5,987**

Float Adjusted Market Capitalization as at **31st March 2024** is **Rs.498,344,980.16**

The Company is compliant with option 5 of the Listing Rules 7.13.1 (i) (a) - Less than Rs. 2.5 Bn. Float Adjusted Market Capitalization which requires 20% minimum public holding.

10 Share Trading

For the Year Ended 31st March	2024	2023
Number of Transactions	4,031	4,091
Number of Shares Traded	7,999,137	9,179,062
Value of Shares Traded (Rs.)	103,337,809	101,652,887

SHARE INFORMATION

11 Record of Scrip Issues

For the Year Ended 31st March		Issue	Basis	No.of shares	Share Capital (Rs.000)
2011		Prior to Public Issue	-	80,000,000	400,000
2011		Initial Public Issue	-	106,666,667	800,000
2012		Rights Issue (at Rs.11.20)	01:00.6	165,333,334	1,445,333
2018		Rights Issue (at Rs.15.00)	01:00.2	202,074,075	1,996,444

12 Listed Debentures

	Face Value Rs.	Interest Frequency	Interest Rate	Date of Allotment	Maturity Date	Interest rate of Comparable Government Securities
2020-Type - C	5,000,000	Annually	13.25%	19-May.-2020	19-May.-2025	as at 15th April 2020 was 8.7%
2021 - Type - A	583,220,000	Annually	9.25%	25-June-2021	25-June-2026	as at 15th June 2021 was 7.31%
2021 - Type - B	1,416,780,000	Annually	1 Year T-Bill Rate +3.75% P.A	25-June-2021	25-June-2026	as at 15th June 2021 was 7.31%

Interest rate of Comparable Government Securities as at 31st March 2024 were 10.28% (01 Years Treasury Bond) and 11.33% (03 Years Treasury Bond)

	Amount allocated as per Prospectus in Rs.	Proposed date of utilization as per prospectus	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilized in Rs. (B)	% Utilized against allocation on (B/A)	Clarification if not fully utilized including where the funds are invested
Improve and further strengthen the Capital Adequacy Ratio (CAR) of the Company	Rs.1,000,000,000 with an option to raise a further Rs.1,000,000,000, in the event of oversubscription of the initial issue	25th June 2021	2,000,000,000	100%	2,000,000,000	100%	N/A
To facilitate future expansion of business activities of the Company							

GLOSSARY OF FINANCIAL TERMS

A

Accounting Policies

Specifies principles, bases, conventions, rules, and practices adopted by an enterprise in preparing and presenting financial statements.

Accrual Basis

Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

Accrual Gain/(Loss)

Gain or loss arising from the difference between estimates and actual experience in an entity's pension plan.

Amortised Cost

Amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction for impairment or un-collectability.

Amortization

The expense of writing off over a fixed period, the initial value of Intangible assets such as goodwill, patents etc.

B

Basis Points

One hundred of a percentage point (0.01 per cent); 100 basis points is 1 percentage point: Used in quoting movements in interest rates or yields on securities.

Borrowings

All interest-bearing liabilities.

C

Capital Adequacy Ratio

The relationship between capital and the risk weighted assets as prescribed by the Central Bank of Sri Lanka developed by modifying international best practices on maintenance of capital for financial Institutions, to suit the local requirements.

Capital Employed

Total assets less interest free liabilities, deferred income, and provisions.

Cash Equivalents

Liquid investments with original maturity periods of three month or less.

Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

Collectively Assessed Impairment

Impairment assessment on a collective basis for homogeneous groups of loans that are not considered individually significant and to cover losses which have been incurred but have not yet been identified on loans subject to individual assessment.

Commitment

Credit facilities approved but not yet utilised by the clients as at the reporting date and the Operating Lease Commitments.

Cost/Income Ratio

Personnel cost, Administration and selling expenses, Depreciation and Amortization as percentage of total operating Income.

Contingencies

A condition or situation existing at the reporting date where the ultimate outcome of which, gain or loss, will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Contingent Liabilities

Conditions or situations at the reporting date the financial effect of which are to be determined by future events which may or may not occur.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and other.

Corporate Sustainability

A Business approach that creates long term consumer and employee value by creating a 'green'

strategy aimed toward the natural environment and taking into consideration every dimension of how a business operates in the social, cultural and economic environment.

Credit Rating

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

Customer Deposits

Money deposited by account holders. Such funds are recorded as liabilities.

D

Debt

Total liabilities, excluding deferred income.

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.

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

De recognition

Removal of a previously recognised financial asset or liability from an entity's Statement of Financial Position.

Discount Rate

A rate used to place a current value on future cash flows. It is needed to reflect the fact that money has a time value.

Dividend Cover

Profit attributable to ordinary shareholders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

Dividend Payout Ratio

Dividend by profit after tax; indicates the percentage of earnings paid out to shareholders as dividends.

Dividend Per Share (DPS)

Value of the total dividend paid out and proposed to ordinary shareholders divided by the number of

GLOSSARY OF FINANCIAL TERMS

ordinary shares in issue; indicates the proportion of current year's dividend attributable to an ordinary share in issue.

E

Effective Interest Rate (EIR)

Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Earnings per share (EPS)

Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

Effective Tax Rate

Provision for taxation excluding deferred tax expressed as a percentage of the profit before taxation.

Equity

Shareholders' fund.

Events after the Reporting Period

Transactions that are not recognised as assets or liabilities in the Statement of Financial Position, but which give rise to the contingencies and commitments.

Expected Credit Losses (ECL)

ECL approach is the loan loss impairment method under SLFRS 9 on "Financial Instruments". ECLs are the discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). ECL measurements are unbiased and are determined by evaluating a range of possible outcomes.

Exposure

A claim, contingent claim or position which carries a risk of financial loss.

F

Fair Value

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transactions.

Financial Assets

Any asset that is cash, equity instrument of another entity, a contractual right to receive cash or contractual right to receive another financial asset from another entity.

Financial Instrument

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

Financial Assets Measured at Amortised Cost

A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

FVOCI include debt and equity instruments measured at fair value through other comprehensive income. A debt instrument is measured at FVOCI, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Equity investments may be irrevocably classified as FVOCI when they meet the definition of Equity under LKAS 32 Financial Instruments: Presentation, and are not held for trading.

Financial Liabilities

A contractual obligation to deliver cash or other financial assets to another entity to exchange assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Finance Lease

A lease in which the lessee acquires all the financial benefits and risks attaching to ownership of the asset under lease.

G

Global Reporting Initiative

GRI is a leading organisation in the sustainability filed. GRI promotes the use of sustainability reporting as a way for organisation to become

more sustainable and contribute to sustainable development.

Going Concern

The Financial Statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

Gross Dividend

Portion of profits inclusive of tax withheld, distributed to shareholders.

Gross Non Performing Advances

A loan placed on a cash basis (i.e., Interest Income is only recognized when cash is actually collected) after when six instalments or more are overdue, as there is reasonable doubt regarding the collectability of its instalments of capital and interest.

Guarantees

An assurance made by a third party (Guarantor) who is not a party to contract between two others, that the guarantor will be liable if the Guarantee fails to fulfil the contractual obligation.

H

Hire Purchase

A contract between hirer and financier where the hirer takes on hire a particular article from the financier, with the option to purchase the article at the conclusion of the agreed rental payments.

I

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Impairment Allowances

Impairment allowances are provisions held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred loss. An impairment allowance may either be identified or unidentified and individual (specific) or collective (portfolio).

Impairment Charge/Reversal

An increase/(decrease) of the difference between the carrying value of an asset and the sum of discounted future cash flows generating from the same asset compared to the previous reporting date.

Intangible Asset

An identifiable non-monetary asset without physical substance.

Integrated Reporting

A methodology of reporting an organisation's strategy, governance, financial performance and prospects in relation to the creation of value over the short, medium and long-term in its economic, social and environmental context.

Interest Cover

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

K**Key Management Personnel**

People those who are having authority and responsibility for planning, directing and controlling the activities of the entity.

L**Lending Portfolio**

Total value of lending products net of unearned income, amounts received in advance and allowance for impairment.

Lifetime Expected Credit Losses (LTECL)

Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. According to SLFRS 9 on "Financial Instruments", the ECL allowance should be based on LTECL unless there has been no significant increase in credit risk since origination.

Liquid Assets Ratio

Assets that are held in cash or in a form that can be converted to cash readily (as prescribed by the Central Bank of Sri Lanka) divided by the total deposits and unsecured borrowings.

Loans and Receivable

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those intends to sell immediately or in the near term and designated as fair value through profit or loss or available-for-sale on initial recognition.

Loss Given Default (LGD)

LGD is the percentage of an exposure that a lender expects to lose in the event of obligor default.

M**Market Capitalisation**

Number of ordinary shares in issue multiplied by the market value of a share as at a date.

Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

N**Net Assets Per Share**

Shareholders fund divided by total number of ordinary shares in issue. A basis of share valuation.

Net Interest Income (NII)

The difference between the amount a Company earns on assets such as loans and securities and the amount it pays on liabilities such as deposits, refinance funds and bank borrowings.

Net Interest Margin (NIM)

The margin is expressed as net interest income divided by average interest earning assets.

NPL Ratio

Total non-performing loans as a percentage of the total lending portfolio

O**Operational Risk**

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

P**Parent**

A parent is an entity which has one or more subsidiaries.

Price Earnings Ratio

Market price of share divided by earnings per share as reported at that date

Probability of Default (PD)

PD is an internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation.

R**Related Parties**

Parties who could control or significantly influence the financial and operating policies of the business.

Return On Average Assets (ROA)

Profit after tax expressed as a percentage of the average assets.

Return on Average Equity (ROE)

Attributable profits divided by average shareholders' funds.

Revenue Reserves

Reserves considered as being available for distributions and investments.

Right of Use of Assets (ROU)

An asset that represents a lessee's right to use an underlying asset for the lease term.

Risk Weighted Assets

On balance sheet assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

S**Segment**

Constituent business units grouped in terms of similarity of operations and location.

GLOSSARY OF FINANCIAL TERMS

Significant Increase in Credit Risk (SICR)

According to SLFRS 9, an entity should assess whether the risk of default on a financial instrument has increased significantly since initial recognition. The assessment should consider reasonable and supportable information that is relevant and available without undue cost or effort. There is a rebuttable presumption in the Standard that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due.

Supplementary Capital

Supplementary capital that consist of revaluation reserves, general provisions and debt instruments such as subordinated term debts and other hybrid capital instruments that combine characteristics of equity and debt.

T

Twelve Month Expected Credit Losses (12 Month ECL)

The portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

U

Useful Life

The period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by an entity.

V

Value Added

Wealth created by providing banking and other services less the cost of providing such services. The value added is allocated among the employees, the providers of capital, to government by way of taxes and retained for expansion and growth.

W

Working Capital

Capital required to finance the day to day operations computed as the excess of current assets over current liabilities.

Y

Yield To Maturity

Discount rate at which the present value of future cash flows would equals the security's current price.

ABBREVIATIONS

ED - Executive Director

IND - Independent Director

INED - Independent Non-Executive Director

NED - Non-Executive Director

Senior INED - Senior Independent Non - Executive Director

NBFI - Non Banking Financial Institutions

NOTICE OF ANNUAL GENERAL MEETING

SINGER FINANCE (LANKA) PLC

[Company Registration No. PB 813 PQ]

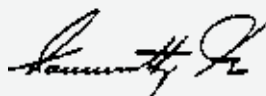
NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING OF SINGER FINANCE (LANKA) PLC will be held on Tuesday, 25th June 2024 at 1.00 PM at the Conference Hall, Hayleys PLC, No 400 Deans Road, Colombo 10 for the following purposes:

AGENDA

1. To receive, consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2024 with the Report of the Auditors thereon.
2. To re-elect as a Director, Mr. Ranil De Silva who retires by rotation at the Annual General Meeting in terms of Articles 24(4) of the Articles of Association of the Company.
3. To re-elect as a Director, Mr. Dhammika Dias Wickramaratne Siriwardene who has been appointed to the board since the last Annual General Meeting in terms of Articles 24(9) of the Articles of Association of the Company.
4. To authorise the Directors to determine donations and contributions to charities for the ensuing year.
5. To appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2024/25 and to authorise the Directors to determine their remuneration.
6. To consider any other business of which due notice has been given.

By Order of the Board

Singer Finance (Lanka) PLC



Mr. Lasitha Dias

Company Secretary

Colombo

28th May 2024

Notes:

1. The Annual Report of the Company for 2023/24 is available on the corporate website www.singerfinance.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 him/herself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at No. 498, R. A De Mel Mawatha, Colombo 03, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.
3. A Shareholder who requires a hard copy of the Annual Report must post or handover the duly completed "Request Form-Annexure A" to the office of the Company Secretary.

FORM OF PROXY

SINGER FINANCE (LANKA) PLC

[Company Registration No. PB 813 PQ]

I/We*

(full name of shareholder**) NIC No./Reg. No. of Shareholder (**)

of

being Shareholder/Shareholders* of SINGER FINANCE (LANKA) PLC hereby appoint:

(1)

(full name of proxyholder**) NIC No. of Proxyholder (**)

of

or, failing him/them

(2) MAHAWADUGE YASALAL ARAVINDA PERERA (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our* proxy to attend and vote as indicated hereunder for me/us* and on my/our* behalf at the Seventeenth Annual General Meeting of the Company to be held on Tuesday, 25th June 2024 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 Statement of Accounts for the year ended 31st March 2024 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2.	To re-elect as a Director, Mr. Ranil De Silva who retires by rotation at the Annual General Meeting in terms of Articles 24(4) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3.	To re elect as a Director , Mr. Dhammika Dias Wickramaratne Siriwardene who has been appointed to the Board since the last Annual General Meeting in terms of Articles 24(9) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4.	To authorise the Directors to determine donations and contributions to charities for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
5.	To appoint Messrs Ernst & Young , Chartered Accountants as the Auditors of the Company for the year 2024/25 and to authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this day of2024.

.....
Signature of Shareholder

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION:

1. The completed Form of Proxy must be deposited with the Company, No. 498, R. A De Mel Mawatha, Colombo 03 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 Proxy Form 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.

SHAREHOLDER FEEDBACK FORM

It is the endeavour of the Singer Finance (Lanka) PLC to ensure maximum satisfaction of its shareholders. In order to enable us to continually improve upon the quality of services provided, we try to seek your feedback on the level of satisfaction derived by you on the basis of your interaction with us. Your feedback will help us in further improvement of our services to match your expectations.

Please direct all feedback to the Company Secretary by filling this form:

Mr. Lasitha Dias,

Company Secretary for Singer Finance (Lanka) PLC,
No. 498, R. A De Mel Mawatha,
Colombo 03, Sri Lanka.

Kindly rate our services on various parameters by ticking any one box in each row:

Timely receipt of:

Annual Reports	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Dividend	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Other documents/ correspondence	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor

Quality and Contents of Annual report:

Report on Corporate Governance	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Capital Reports	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Balance Sheet, Profit and Loss Account and other financial statements.	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor

Dissemination of information about the Company:

Through shareholder communication	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Through Annual Reports	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Through newspapers / Press	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Through our website (www.singerfinance.com)	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Through e-mails (if we have your e-mail ID)	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor

Overall quality

☐ Outstanding ☐ Very Good ☐ Good ☐ Poor ☐ Needs Improvement

CORPORATE INFORMATION

Name of the Company

Singer Finance (Lanka) PLC

Legal Form

A public limited liability company incorporated in Sri Lanka on 19th April 2004 under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 on 16th December 2008. Shares of the Company are listed on the main board of Colombo Stock Exchange on 17th January 2011.

Approved Credit Agency

Under Mortgage Act No. 06 of 1949 and
Trust Receipt Ordinance No. 12 of 1947.

Auditors

KPMG
Chartered Accountants
No.32A,
Sir Mahamed Macan Markar Mawatha,
P.O.Box 186, Colombo 03.

Registrars

Hayleys Group Services (Private) Limited
Telephone: 94-11-2627000

Secretaries

Mr. Lasitha Dias
Telephone: 94-11-2100161

Lawyers

Neelakandan & Neelakandan
Attorneys-at-Law & Notaries Public
M&N Building (Level 5),
No.02, Deal Place,
Colombo 03.

Directorate

Mr. Aravinda Perera - Chairman/NED
Mr. Jayanth Perera - Senior INED
Mr. Thushan Amarasuriya - CEO/ED
Ms. Darshini Talpawewa - NED
Mr. Mahesh Wijewardene - NED
Mr. Ranil De Silva - INED
Mr. Saman Herath - INED
Mr. Dhammika Siriwardene - INED

Senior Management

Mr. Thushan Amarasuriya
Chief Executive Officer

Mr. Iman Perera
Chief Operating Officer

Ms. Chandrika Alwis
Consultant to the Chairman

Mr. Eraj Fernando
Head of Finance

Mr. Thilan Rupasinghe
Head of Treasury and Digital Transformation

Mr. Jeevaka Jayawardena
Senior Manager - Credit

Mr. Joe Wijeyegoonewardene
Head of Deposits

Ms. Harshani Mapatuna
Head of Legal

Mr. Niranjana Sethunga
Head of Recoveries

Mr. Pradeep Boange
Head of Branch Business Development

Ms. Nadeesha De Silva
Senior Manager - Compliance

Accounting Year

31st March

Registered Office

No. 498, R. A De Mel Mawatha, Colombo 03.
Telephone : 94-11-2400400 Fax : 94-11-2303715
E-mail : financecompany@singersl.com

Company registration Number

Old – N (PBS) 1171 New – PB 813 PQ

Tax Payer Identification Number

134011718

Bankers

Bank of Ceylon
Commercial Bank of Ceylon PLC
Deutsche Bank
Hatton National Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC
Seylan Bank PLC
Muslim Commercial Bank
Cargills Bank
Pan Asia Banking Corporation PLC
DFCC Bank PLC

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and produced by
Redworks.



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Singer Finance (Lanka) PLC

No. 498, R. A. De Mel Mawatha,
Colombo 03.

Telephone : 94-11-2400400

Fax : 94-11-2303715

E-mail : financecompany@singersl.com