

SINGER FINANCE

GUIDED BY  
**VALUES**  
DRIVEN BY  
**PROSPERITY**

SINGER FINANCE (LANKA) PLC  
ANNUAL REPORT 2024/25



A detailed line drawing of a sandalwood tree branch with large, elongated leaves and small, bell-shaped flowers. The illustration is rendered in a light green and brown color palette, with some areas filled with a soft, watercolor-like texture. It is positioned in the upper left corner of the page, partially overlapping the main text area.

GUIDED BY  
**VALUES**  
DRIVEN BY  
**PROSPERITY**

Like the sandalwood tree that reaches its prime after 20 years, we too have come into our own; strategically mature, resilient by experience and driven by a clear sense of purpose.

Over the past two decades, we have evolved from a promise into a powerful presence, becoming an integral part of the lives we serve. Backed by the strength and credibility of the Hayleys Group and Singer Sri Lanka PLC, and guided by the human-centric ethos of 'We feel you', our mission transcends conventional finance. We exist not merely to fund aspirations but to make individuals feel acknowledged, understood, and empowered.

As we stand poised to grow even further, we do so with a deep sense of pride in our legacy and confidence in our future. This inflection point marks more than a milestone it reflects a journey built on care, courage, and consistency. Every achievement to date has been deliberate, cultivated through trust, insight, and unwavering commitment.

Our approach, though simple in expression, is profound in execution. 'We feel you' is more than a statement. It is a strategic philosophy that drives how we engage, support, and uplift our customers. Like the maturing sandalwood tree that yields its most prized essence with time, we too believe that true value lies in enriching lives through meaningful financial empowerment.

Looking ahead, we remain anchored in our core values as we gear to scale new heights, not merely by meeting targets, but by creating enduring relationships, delivering solutions that matter, and building a future that transcends transactions.

Our roots are deep, our vision is far-reaching, and our purpose is clear: to continue growing with empathy, strength, and an unwavering commitment to those we serve.

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## FOCUS ON SUSTAINABLE DEVELOPMENT/ ROBUST GOVERNANCE AND RISK MANAGEMENT

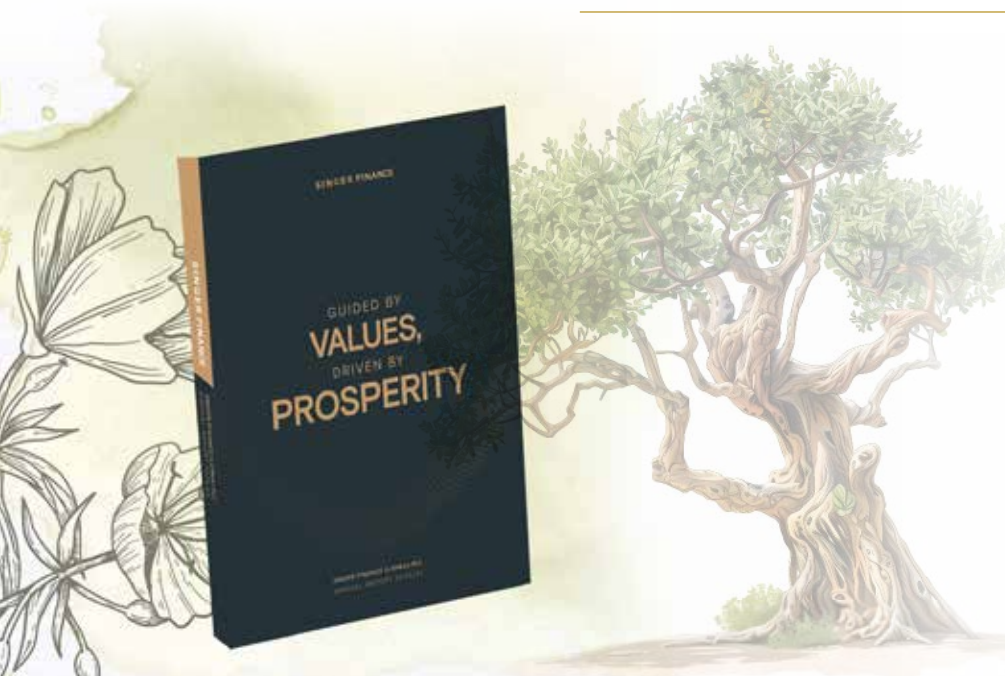
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# ABOUT THIS REPORT



## SINGER FINANCE (LANKA) PLC

# INTEGRATED ANNUAL REPORT 2024/25

WELCOME TO  
THE 7TH INTEGRATED  
ANNUAL REPORT OF SINGER  
FINANCE (LANKA) PLC  
("THE COMPANY") FOR  
THE YEAR ENDED 31ST  
MARCH 2025.

Themed "Guided by Values, Driven by Prosperity," this report follows the story of a sandalwood tree that comes into full bloom after 20 years illustrating how we too have reached a moment of maturity resilient, refined, and rooted in purpose.

This integrated report focuses on providing a balanced and holistic view of the Company's financial, environmental and social impacts, framed within the context of a robust governance structure designed to create societal value and contribute positively to the national economy.

### BASIS OF PREPARATION REPORTING PERIOD

GRI 2-3

This report is structured in accordance with the Group's annual financial reporting cycle, covering the period from April 1, 2024, to March 31, 2025. To support informed decision-making, the organisation presents a comparative analysis of its performance against the previous financial year. Where relevant, insights into future strategies and expectations have also been included. For details on how the company handles projections and forward-looking information beyond the scope of this reporting period, please refer to the section titled 'Forward-looking Statements'.

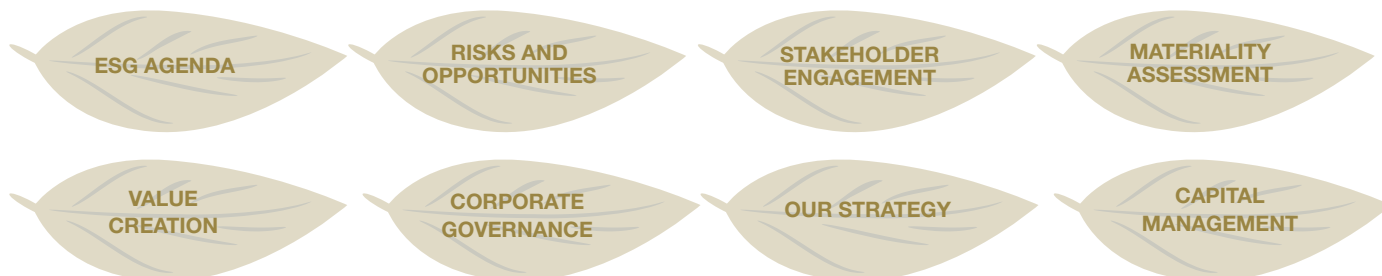
### REPORTING SCOPE AND BOUNDARY

GRI 2-2

This report encompasses Singer Finance (Lanka) PLC's operations for the financial year 2024/25, addressing both financial and non-financial aspects. It aims to meet shareholder and regulatory information requirements while providing a comprehensive overview of the Company's operations. The report serves as the primary communication tool with stakeholders, offering transparent insights into operational performance, strategic objectives, governance, risk management, and future prospects to support informed decision-making.

Refer page 147 for  
information on the Company  
structure

## INTEGRATED REPORTING BOUNDARY



## FINANCIAL REPORTING BOUNDARY

Singer Finance (Lanka) PLC and its **56 branches across the island**

## Restatements of Information:

### GRI 2-4

There were no restatements of financial or non-financial information disclosed during the past financial year.

## REPORTING STANDARDS AND FRAMEWORKS

This integrated Annual Report has been prepared in accordance with internationally recognised and locally applicable reporting standards, frameworks, regulations, and legislation, thereby ensuring adherence to best practices in corporate reporting.

Narrative Reporting	Sustainability Reporting	Financial Reporting	Corporate Governance
◆ International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework	◆ GRI Standards - 'In Accordance - Core' - Global Reporting Initiative	◆ Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	◆ SEC Regulations
◆ Guidelines for the Presentation of Annual Reports issued by CA Sri Lanka	◆ Gender Parity Reporting Framework published by 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
	◆ Standards issued by the Sustainability Accounting Standards Board (SASB)		◆ Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka
	◆ The United Nations Sustainable Development Goals (SDGs)		
	◆ SLFRS S1 and S2 Sustainability Related Financial Reporting (refer page 270 for transitional relief adopted)		
	◆ Task Force on Climate-related Financial Disclosure (TCFD)		
			◆ Mandatory ◆ Voluntary

## MATERIALITY

The Company adopted a double-materiality approach to identify the most significant topics and disclosures, ensuring that the report addresses both the business's performance and the core needs of its stakeholders. Every topic covered in this report is deemed to have a substantial impact on the organisation's performance and its ability to meet stakeholder expectations over the short, medium, and long term.

Refer page 54  
for the Materiality  
Assessment

## ASSURANCE

### GRI 2-5

The Company follows both internal and external frameworks for auditing and assurance. A combined assurance approach was implemented to verify the accuracy and completeness of this integrated report. As part of this measure, Messrs. Ernst & Young have independently assured the Financial Statements and provided assurance on Financial, Integrated and Sustainability reporting.

Refer page 278, 280  
and 289 for External  
Assurance Reports

## GUIDING PRINCIPLES AND REPORTING IMPROVEMENTS

This report adheres to the six guiding principles of the Integrated Reporting <IR> Framework. In an effort to enhance the quality of the report, the Company has not only focused on aligning its content with these principles but has also introduced new material to further elevate the report's value.

<b>Strategic Focus and Future Orientation</b>	Improved reporting on the future outlook through greater consistency and with set time horizons to establish accountability.
<b>Connectivity of Information</b>	Improved connectivity of information by linking material topics and stakeholders to capital management reports.
	Linking stakeholder engagement with capital management and governance disclosures.

## ABOUT THIS REPORT

<b>Stakeholder Relationships</b>	Improved disclosures on stakeholder engagement by mapping degree of influence and interest with respect to operations, and including real case studies to support our interactions.
<b>Materiality</b>	The previous year's material topics were expanded to 25 topics to retain relevance, and categorised under 04 topics.
<b>Conciseness</b>	The report remains concise by focusing only on material disclosures and using cross-referencing to avoid repetition.
<b>Reliability and Completeness</b>	The report is externally assured and includes complete disclosures across all capitals, ensuring accuracy and stakeholder confidence.
<b>New Reporting Content</b>	S1 and S2 Adoption Preparation has been disclosed in the report. PEARLS Model in the Financial Capital has been introduced. Much more emphasis on ESG Risks and Opportunities.

### FORWARD LOOKING STATEMENTS

This Report contains forward-looking statements regarding the potential future financial position and performance of the Company. These statements are subject to risks and uncertainties, both external and possibly internal, that cannot be precisely predicted. As such, the accuracy of these projections may vary as events unfold, and their impacts may, at times, be beyond the Company's control.

The Company does not commit to updating or revising these statements in response to changes in circumstances, and neither the Board nor other individuals involved in preparing the Annual Report accept any liability for the effects of unforeseen negative events arising from the volatile global or local macro-economic environment.



### BOARD RESPONSIBILITY STATEMENT

The Board of Directors is responsible for ensuring the integrity and accuracy of this Integrated Report. The Board affirms that, in their view, this Report covers all material issues, fairly and accurately presents the Company's performance, and has been prepared in alignment with the <IR> Framework and the GRI Reporting Standards.

Signed on behalf of the Board of Directors

**Thushan Amarasuriya**  
Executive Director/ CEO

06th May 2025

### Navigating our Report

#### Capitals



#### Stakeholders



#### SDGs



Governance



Risk and Opportunities



Material Topics

### FEEDBACK

GRI 2-3

We welcome your feedback, as it will help us enhance the comprehensiveness of our report for the upcoming financial year. For any inquiries regarding the Annual Report, please reach out to the following Officer. We also encourage you to send your suggestions to:

Chief Financial Officer  
**Singer Finance (Lanka) PLC**  
No 498, R A De Mel Mawatha,  
Colombo 03



chandan@singersl.com



# ABOUT OUR COMPANY

## **Rooted in Trust. Grown with Care.**

In the early years, like a young sapling, we focused on laying strong roots building trust, investing in people, and understanding our place in the financial ecosystem. Guided by the steady support of the Hayleys Group, we have nurtured a legacy of reliability and purpose-driven growth.

# SINGER FINANCE (LANKA) PLC

## CORPORATE PORTRAIT

### A Legacy of Trust, Built on Values and Strength

For over 20 years, Singer Finance has grown similar to the quiet strength of a sandalwood tree - deeply rooted, steadily maturing, and valued more with time. Like sandalwood's enduring fragrance that enriches every space it touches, our presence across Sri Lanka has created meaningful impact expanding access, enabling aspirations, and building trust that lasts.

Like sandalwood, whose essence strengthens as it matures, our journey has been defined by sustainable growth, meaningful reach, and a lasting contribution to Sri Lanka's financial landscape.

Established in 2004, our journey has been defined not by rapid leaps, but by measured, values-driven growth that has paved the way for both enduring financial strength and deep-rooted trust.

With a heritage linked to two of Sri Lanka's most trusted names Singer Sri Lanka PLC and the Hayleys Group, we have always operated with the mindset of a company that must deliver value, protect trust, and grow with care.

## OVER 21 YEARS, WE HAVE CONSISTENTLY:

- ◆ Maintained strong capitalisation and a healthy core capital ratio
- ◆ Grown a robust asset base, enabling continued expansion and product diversification
- ◆ Achieved positive ratings from Fitch Ratings Lanka Ltd, validating our financial resilience and governance
- ◆ Expanded across the island with a 56-branch network, bringing accessible financial services to urban and rural Sri Lanka alike
- ◆ Today, we stand proudly in the league of Sri Lanka's top Non-Bank Financial Institutions (NBFIs) in terms of asset strength, a position earned through prudence, discipline, and an unwavering commitment to serve responsibly.



## VISION

To be the foremost finance company in Sri Lanka



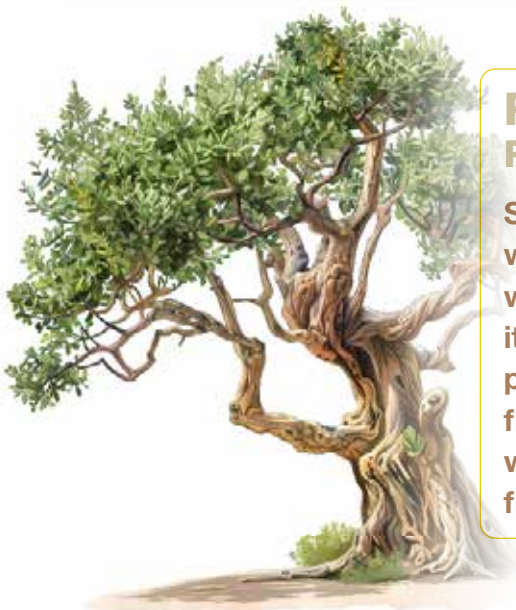
## MISSION

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



## OUR VALUES

- ◆ Lead with Respect
- ◆ Demonstrate Responsibility and Integrity
- ◆ Improve and Innovate Passionately
- ◆ Collaborate for Success
- ◆ Respond with Agility
- ◆ Drive Sustainability



## ROOTED IN TRUST - REACHING WITH PURPOSE.

Sandalwood's roots run deep, drawing strength from within while its fragrance extends far beyond. In the same way, Singer Finance is firmly anchored in the strength of its parentage, ethical governance, and customer-centric philosophy. From bustling cities to rural communities, our financial solutions have touched lives across geographies widening access, enabling aspirations, and reinforcing financial resilience.

## PURPOSEFUL GROWTH CREATING ENDURING VALUE GRI 2-6

From leasing and gold loans to savings accounts, fixed deposits, our portfolio has grown with our customers. We've also supported capital goods, agriculture, and consumer finance, responding with agility to national development priorities and local community needs.

Our journey of growth has been purposeful as we create value with integrity, aligned with the long-term interests of our stakeholders and society.



**Core Capital Ratio**

**10.98%**

**Employees**

**987**

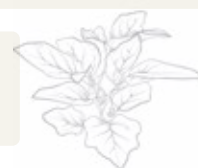
**Rating**

**BBB+[Ika]**  
FITCH RATING LANKA LTD

**Customers**

**137,848**

**Synergies with Singer  
Sri Lanka and Hayleys Group**



### BUILT ON VALUE - DRIVEN BY IMPACT

Like the heartwood of sandalwood, which reveals its full essence over time, our value has been cultivated through sustained relationships and strategic growth. We measure success not only by financial performance, but by the breadth of our impact by empowering SMEs, supporting livelihoods, and contributing to economic development.

Our ascent in the financial services sector has been through strategically executed strategies, prudent risk management, customer-centric innovation, and a relentless focus on fundamentals. Even in turbulent macroeconomic environments, we have remained resilient serving our customers, preserving our capital, and positioning ourselves for the future.

This steady performance has earned us a place among Sri Lanka's most trusted NBFIs, recognized for both our asset strength and sound governance.

### Ethos That Sets Us Apart: “We Feel You”

While our financial metrics speak of strength, what truly differentiates us is our empathetic approach to finance. We believe in understanding our customers' lives, needs, and dreams—so we can offer financial solutions that are not just relevant, but deeply personal.

#### This is the essence of our promise: “We Feel You.”

It's more than a tagline, it's how we do business.

- ◆ Every loan is tailored, not templated.
- ◆ Every branch is a space for connection, not just a transaction.
- ◆ Every customer relationship is nurtured, not treated as a number.

#### A Future Guided by Principles - Inspired by Possibility.

As we enter a new phase of growth, our focus remains unwavering to deliver accessible, responsible, and technology-driven financial solutions that uplift and empower. Our strategy is shaped by insight, governed by integrity, and fuelled by a passion to serve a new generation of Sri Lankans.

As we mark 21 years of progress, we remain anchored in our values and inspired by the people we serve. With strong financials, a trusted legacy, and a human-centered philosophy, Singer Finance is more than a finance company committed to helping Sri Lankans thrive.

**WE HAVE  
TAKEN ROOT.**

**WE HAVE  
GROWN  
STRONG.**

**AND WE REMAIN  
STEADFAST IN  
OUR PROMISE  
TO SERVE —  
WITH EMPATHY,  
STRENGTH, AND  
UNWAVERING  
COMMITMENT.**

## A KEY HIGHLIGHT FROM LAST YEAR

Singer Finance Claimed Gold at the CA Sri Lanka TAGS Awards 2024

**THIS VICTORY IS NOT JUST AN AWARD, IT IS A REFLECTION OF OUR PEOPLE, OUR PURPOSE, AND OUR PURSUIT OF EXCELLENCE.**



In a defining moment of pride and prestige, Singer Finance (Lanka) PLC etched its name in the annals of excellence by clinching the Gold Award for Excellence in Annual Reporting at the CA Sri Lanka TAGS Awards 2024.

This coveted recognition, awarded in the highly competitive category of Finance Companies with Total Assets Between Rs. 25 Billion to Rs. 75 Billion, is more than a win—it is a resounding endorsement of our unwavering commitment to transparency, governance, accountability, and stakeholder value creation.

The TAGS Awards—one of the most prestigious platforms in Sri Lanka for corporate reporting—celebrates organizations that raise the bar in integrated, financial, and sustainability reporting. Emerging as the best among peers, Singer Finance reaffirmed its leadership position in the financial services sector, backed by a reporting culture that reflects clarity, depth, innovation, and integrity.

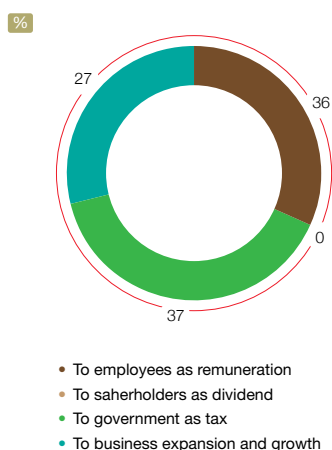
# VALUE ADDED STATEMENT

GRI 3-3, GRI 201-1

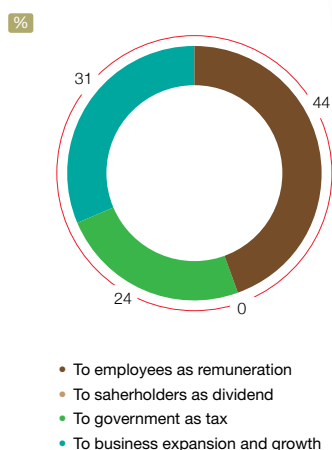
In 2024/25, Singer Finance continued to deliver meaningful value to all our stakeholders through a balanced focus on performance, resilience, and purpose. Amidst a dynamic financial landscape, we deepened customer trust, empowered our people, strengthened partnerships, and upheld rigorous governance. Our investments in digital transformation, inclusive growth, and community impact not only elevated our brand but also reinforced our role as a responsible financial partner. As we advance, we remain committed to generating sustainable economic and social value—guided by our core values and a clear vision for long-term prosperity.

Year Ended 31 March	2024/25		2023/24	
	Rs.		Rs.	
Income Earned by Providing Financial Services	8,982,589,570		7,580,601,428	
Cost of Services	(5,802,740,854)		(6,007,055,435)	
Value added by Financial Services	3,179,848,716		1,573,545,993	
Non-Financial Income	723,443,486		532,769,599	
Provision for Impairment Losses	(234,129,596)		130,796,891	
	3,669,162,606		2,237,112,483	
<b>Value Allocated</b>				
To Employees as Remuneration	1,324,188,789	36%	988,664,822	44%
To Shareholders as Dividend	-	0%	-	0%
To Government as Tax				
- Income Tax	775,313,569	21%	226,326,142	10%
- Tax on Financial Services	586,733,995	16%	319,855,562	14%
To Business Expansion and Growth				
- as Depreciation	300,097,142	8%	276,194,216	12%
- as Retained Earnings	851,722,984	23%	404,234,944	18%
- as Deferred Taxation	(168,893,873)	-5%	21,836,797	1%
	3,669,162,606	100%	2,237,112,483	100%

## Value Distribution 2024/25



## Value Distribution 2023/24



# OUR PERFORMANCE IN 2024/25

## FINANCIAL HIGHLIGHTS

For the year ended 31 March	2025	2024	Change
<b>Financial Performance (Rs'.000)</b>			
Gross Income	9,706,033	8,113,371	19.63%
Interest Income	8,982,590	7,580,601	18.49%
Interest Expense	4,189,822	4,792,620	-12.58%
Profit Before Tax	1,458,143	652,398	123.51%
Income Tax Expense	606,420	248,163	144.36%
Profit After Tax	851,723	404,235	110.70%
Revenue remitted to the Government	1,445,959	1,068,054	35.38%
<b>Financial position at the year end (Rs'.000)</b>			
Total Equity	6,104,070	5,214,299	17.06%
Deposits from Customers	28,314,140	22,179,511	27.66%
Leases, Loans & Advances	47,616,276	27,799,956	71.28%
Total Assets	57,116,589	36,594,444	56.08%
Growth In Advances (%)	71.28	14.52	56.76
Growth In Deposits (%)	27.66	15.54	12.11
<b>Investor Information</b>			
Earnings per Share (Rs.)	4.21	2.00	111%
Net Assets per Share (Rs.)	30.21	25.80	17%
Price Earning Ratio (Times)	5.91	6.20	-5%
<b>Ratios</b>			
Gross Non-Performing Advances Ratio (%) 90 Days	5.42	10.25	-4.82
Net Non-Performing Advances Ratio (%) 90 Days	2.68	6.29	-3.57
Non Interest Expense to Gross Income (%)	41.81	32.89	8.92
Gross Interest Margin (%)	53.36	36.78	16.58
Net Interest Margin (NIM) (%)	11.45	9.57	1.87
Return on Assets (%)	1.82	1.18	0.64
Return On Average Shareholder's Fund (%)	15.05	7.93	7.12
Cost-to-Income Ratio (%)	58.69	74.66	-15.98
Interest Cover (Times)	1.35	1.14	0.21
<b>Gearing Ratios</b>			
Equity: Interest Bearing Liabilities (Times)	0.13	0.18	-0.05
Debt: Equity Ratio (Times)	7.98	5.67	2.31
Quick Assets Ratio (Times)	1.13	1.01	0.12
Fitch Rating	BBB+[Ika]	BBB[Ika]	
<b>Statutory Ratios</b>			
Liquid Assets (%)	24.32	29.20	-4.88
Core Capital Ratio (%) - (Minimum Requirement 8.5%)	10.98	15.62	-4.64
Regulatory Capital to Risk Weighted Assets (%) (Minimum Requirement 12.5%)	13.14	18.54	-5.40
Shareholders Funds: Public Deposits % (Minimum of 10%)	21.56	23.51	-1.95

## NON-FINANCIAL HIGHLIGHTS

Manufactured Capital	Human Capital	Social and Relationship Capital	Intellectual Capital	Natural Capital
<b>56 Branches</b> Added 4 Branches during the Year	<b>987 Employees</b> Including <b>679</b> Males <b>308</b> Females	<b>137,000+</b> Customers	<b>78K</b> Facebook Followers <b>72K</b> Facebook Likes	<b>4,500+</b> Trees planted
Investment of <b>Rs. 228 Million</b> to upgrade & enhance the Company's Manufactured Capital	Training and Development <b>20,000+</b> training hours	<b>Rs. 922,017</b> Investment in CSR projects	<b>1.25K</b> Instagram Followers <b>47K</b> Tiktok Followers <b>146K</b> Tiktok Likes	<b>1,983 Kgs</b> of paper recycled
Expanded and rebranded <b>5 branches</b> during the year	Medical and Health Insurance <b>Rs. 38 Million</b>	Strong Relationships with a base of over <b>805 business partners</b> spread across the island	Strengthened cybersecurity <b>protocols &amp; Robotic Process Automation</b>	<b>11 Solar panels</b> installed Branches
<b>Smart branch</b> infrastructure	<b>271</b> employees recruited across the island	<b>170,000+</b> financial solutions	Customer <b>self-service</b> features	Green Financing with Singer Finance <b>Solar Loan Plan</b>
Introduce <b>green building designs</b>	<b>222</b> Employees were promoted to the next level in their career	<b>CRM and analytics tools to tailor</b> communications and improve service delivery	Fully Automated Employee <b>Insentive Scheme</b>	GHG saving of <b>676.06 CO<sub>2</sub>e</b>

# A YEAR OF MILESTONES AND ACHIEVEMENTS

## BRANCH EXPANSION

In line with our strategic growth agenda, we expanded our footprint by inaugurating four new branches, reinforcing our commitment to financial inclusion, particularly in semi-urban and rural communities. These branches offer accessible financial services such as leasing and gold loans, fostering economic empowerment and aligning with our purpose of “Making People Feel Great.”



## GROWING EMPLOYEE CAPITAL

We reached a new milestone in human capital, with our workforce expanding to 987 employees. This dedicated and passionate team embodies our corporate values and is instrumental in driving service excellence, innovation, and organizational growth.



## FINANCIAL MILESTONES

- **Deposit Base Surpassed Rs. 25 Billion**

Reflecting the trust of our growing customer base, we achieved a customer deposit base exceeding Rs. 25 billion. This not only affirms our strong brand equity but also strengthens our funding base to support continued service enhancements and growth.

- **Asset Base Crossed Rs. 50 Billion**

Our asset base grew beyond Rs. 50 billion, underpinned by a 71% increase in the lending portfolio, demonstrating prudent financial management and value creation.

- **Lending Portfolio Surpassed Rs. 45 Billion**

We achieved a significant lending milestone, with over Rs. 45 billion disbursed, largely driven by growth in finance leases and loans, reflecting our contribution to financial accessibility.

- **Profit Before Tax Surpassed Rs. 1 Billion**

A landmark achievement, our Profit Before Tax exceeded Rs. 1 billion, signaling strong performance across strategic, operational, and financial dimensions.



## ENVIRONMENTAL CONTRIBUTION

We continued to act responsibly towards the environment, with 4,500+ trees planted as part of our sustainability agenda, reinforcing our commitment to ecological stewardship and long-term environmental resilience.



## AWARDS & RECOGNITION

- **CMA Excellence in Integrated Reporting Awards 2024**

Recognized for our commitment to transparent and stakeholder-driven reporting practices.

- **Gold Award – CA Sri Lanka TAGS Annual Report Awards 2024**

Honored with the Gold Award for Excellence in Annual Reporting under the Finance Companies category (Assets between Rs. 25–75 billion). We also received special recognitions in Sustainability Reporting, Corporate Governance, and Integrated Reporting, affirming our industry leadership.

- **Great Place to Work – 2024/25 Certification**

Proudly certified for the sixth consecutive year as one of Sri Lanka's Best Workplaces, in recognition of our employee-first, inclusive, and values-driven culture.

- **Ranked Among LMD's Top 10 Most Loved Financial Services Brands**

Our strong emotional connection with stakeholders earned us a place among the Top 10 Most Loved Financial Services Brands by LMD, further validating our brand trust and customer loyalty.



# RESPONSIBLE STEWARDSHIP

## **From Strength to Significance.**

Twenty years on, our maturity is not just in scale, it is in insight, empathy, and innovation. We've learned to listen deeply, adapt quickly, and respond meaningfully. With digital solutions and tailored financial products, we strive to make life easier, more secure, and more rewarding for those we serve.

# CHAIRMAN'S MESSAGE

GRI 2-22



Dear Esteemed Shareholder,

It is with immense pride, and a profound sense of responsibility that I present to you the Annual Report of Singer Finance (Lanka) PLC for the financial year ended 31st March 2025. This year stands as a landmark in our storied history, not merely for the extraordinary financial milestones we have achieved but for the manner in which we have attained them—through an unwavering commitment to our core values, a relentless pursuit of excellence, and a vision to foster prosperity for all our stakeholders. As we reflect on the past year, we celebrate a transformative chapter that has strengthened our foundation, elevated our aspirations, and positioned us as a beacon of trust and innovation in Sri Lanka's financial services landscape.

## Global and Local Economic Landscape

The global economic environment during the year was a complex tapestry of opportunities and challenges. A notable decline in global oil prices provided much-needed relief, tempering inflationary pressures and reducing borrowing costs for consumers and businesses alike. This, in turn, fostered improved loan repayment behaviours across the financial sector, creating a more stable lending environment. However, persistent global uncertainties—stemming from geopolitical tensions and fluctuating market dynamics—restricted access to international funding sources. Closer to home, Sri Lanka's economy painted a picture of resilience and resurgence. The nation achieved a commendable GDP growth rate of 5.0%, underpinned by deflationary conditions that

bolstered real purchasing power and stimulated consumer confidence. The Central Bank of Sri Lanka's proactive monetary policy measures, including reduction in policy interest rates, invigorated the credit market, catalyzing a remarkable 22.8% surge in loan disbursements and a 20.9% increase in sector-wide profitability. Yet, challenges persisted. Constraints on foreign capital inflows, coupled with rising operational taxes—most notably the increase in the VAT rate to 18%—demanded agility, foresight, and strategic adaptability from financial institutions. At Singer Finance, we navigated these dynamics with precision, leveraging opportunities while proactively addressing headwinds to deliver exceptional results.

"Our total assets surpassed the Rs. 50 billion milestone for the first time, reaching an impressive Rs. 57.1 billion a remarkable 56% increase year-on-year. Income-earning assets grew even more robustly, surging by 71% to Rs. 47.5 billion, underscoring our ability to deploy capital effectively in high-yield opportunities."

### Trends and Sectoral Developments

The financial services sector in Sri Lanka underwent significant transformation during the year, driven by evolving consumer preferences, regulatory reforms, and technological advancements. Gold loans and vehicle leasing emerged as the dominant credit categories, reflecting strong demand for accessible and asset-backed financing solutions. The industry also witnessed a marked improvement in credit quality, with the Non-Performing Loan (NPL) ratio declining significantly due to intensified recovery efforts and improved borrower discipline.

The announcement of the Masterplan for Consolidation in December 2024 marked a pivotal structural shift, reducing

the number of Specialised Leasing Companies. This move intensified competitive pressures, compelling finance companies to differentiate themselves through innovation, efficiency, and customer-centricity. Simultaneously, the rapid adoption of digital technologies reshaped the industry, with financial institutions increasingly leveraging mobile solutions, online platforms, and data analytics to enhance accessibility and drive financial inclusion. At Singer Finance, we embraced these trends, aligning our strategies to capitalize on sectoral shifts while reinforcing our position as a market leader.

### Record-Breaking Financial Performance

Against this dynamic backdrop, Singer Finance delivered a solid financial performance, achieving record-breaking profitability. The financial year 2024/25 will be remembered as the most successful in our Company's history, characterized by unprecedented growth, profitability, and operational excellence. Our total assets surpassed the Rs. 50 billion milestone for the first time, reaching an impressive Rs. 57.1 billion—a remarkable 56% increase year-on-year. Income-earning assets grew even more robustly, surging by 71% to Rs. 47.5 billion, underscoring our ability to deploy capital effectively in high-yield opportunities.

Profit Before Tax soared by 124% to Rs. 1.46 billion, while Profit After Tax reached an all-time high of Rs. 851.7 million, more than doubling the previous year's figure. These results were not the product of chance but the outcome of meticulous planning, disciplined lending practices, and a steadfast commitment to creating value for our customers. Our NPL ratio improved drastically, dropping from 10.25% to 5.42%, a testament to our rigorous risk management framework and proactive recovery strategies. Operational efficiency also reached new heights, with our cost-to-income ratio declining to 58.7%, despite minimal staff expansion. This achievement highlights our ability to scale operations efficiently while maintaining a lean and agile organizational structure.

### Strategic Response to Challenges and Opportunities

Our success in 2024/25 was underpinned by a strategic approach that balanced resilience in the face of challenges with bold pursuit of emerging opportunities. The sector consolidation mandated by the Masterplan for Consolidation introduced heightened capital adequacy requirements, which we addressed by strengthening our capital base through prudent financial management and targeted capital-raising initiatives. The constraints on foreign funding were mitigated through a robust domestic deposit mobilization strategy, which saw our deposit base grow by 28% to Rs. 28.3 billion, reinforcing our financial stability.

The increased tax burden, driven by the higher VAT rate, was absorbed through carefully calibrated pricing adjustments and a relentless focus on internal efficiencies. On the opportunity front, we capitalized on the surge in credit demand by significantly expanding our gold loan and vehicle leasing portfolios, which resonated strongly with customers seeking flexible and accessible financing solutions. Our extensive regional presence, coupled with tailored lending products, enabled us to penetrate underserved markets, aligning with the national agenda of promoting financial inclusion and empowering communities across Sri Lanka.

### Digital Transformation and Innovation

In an era defined by technological disruption, Singer Finance made significant strides in its digital transformation journey, positioning itself at the forefront of innovation in the financial services sector. We undertook a comprehensive upgrade of our core IT infrastructure, enhancing system security, processing speed, and operational resilience to meet the demands of a rapidly evolving digital landscape. Internally, the launch of the Singer Finance Digital Academy marked a milestone in our commitment to human capital development, equipping our workforce with cutting-

## CHAIRMAN'S MESSAGE

"At Singer Finance, we believe that true prosperity extends beyond financial success to encompass environmental stewardship, social impact, and ethical governance."

edge learning tools to deliver service excellence and adapt to emerging industry trends.

Looking to the future, we laid the foundation for transformative digital initiatives, including the development of an e-wallet platform and AI-powered credit evaluation tools. These investments are designed to enhance customer engagement, streamline operations, and deliver personalized financial solutions that cater to the unique needs of our diverse customer base. By embracing technology as a catalyst for growth, we are not only preparing for the future but actively shaping it, ensuring that Singer Finance remains a trusted partner in our customers' financial journeys.

### Sustainability and Responsible Finance

At Singer Finance, we believe that true prosperity extends beyond financial success to encompass environmental stewardship, social impact, and ethical governance. Guided by the Hayleys Group's Lifecode and our Environmental, Social, and Governance (ESG) aspirations, we deepened our commitment to sustainability during the year. Our "Tree for Every Tuk Tuk" initiative gained significant traction, contributing to reforestation efforts and promoting environmental consciousness. The "Ocean Heal" coastal clean-up campaign further underscored our dedication to preserving Sri Lanka's natural heritage, engaging communities and fostering a culture of environmental responsibility.

In the realm of responsible finance, we expanded our Solar Financing portfolio, enabling households and businesses to adopt renewable energy solutions and supporting Sri Lanka's transition to a low-carbon economy. These initiatives reflect our belief that sustainability is not merely an obligation but a strategic imperative that drives long-term value creation for our stakeholders and the planet.

### Governance and Compliance

Robust governance and unwavering compliance are the cornerstones of our operations. During the year, we further strengthened our governance framework, aligning with the latest revisions to the Code of Best Practice on Corporate Governance and the Listing Rule on Corporate Governance issued by the Colombo Stock Exchange. Our internal controls, risk governance mechanisms, and board oversight processes were enhanced to reflect the growing importance of sustainability, ethical conduct, and regulatory compliance. A special note of appreciation is extended to Mr. Jayanth Perera, who retired from our Board during the year. His invaluable contributions, deep insights, and steadfast commitment have left

a lasting impression on our journey, and we are grateful for the legacy of governance and vision he leaves behind. We also warmly welcome Mrs. Hiranthi De Silva, who was appointed to the Board, bringing with her a wealth of expertise and perspective that will further strengthen our governance and strategic direction. These collective efforts have been instrumental in maintaining the trust of our stakeholders, ensuring business continuity, and navigating the complexities of an evolving regulatory landscape with confidence.

### Brand Recognition and Awards

Our achievements were recognized on multiple fronts, affirming our position as a leader in the financial services sector. We were honored to be ranked among the Top 10 Most Loved Brands in the Financial Services Category by LMD Magazine, a reflection of our growing brand equity and the deep trust we have earned from our customers. Additionally, our commitment to integrated thinking, transparent reporting, and stakeholder value creation was celebrated with the prestigious Gold Award at the CA Sri Lanka TAGS Awards 2024. These accolades inspire us to continue pushing the boundaries of excellence and innovation.

### Looking Ahead

As we embark on the financial year 2025/26, we do so with optimism and determination. The economic outlook remains stable, with inflation under control and interest rates expected to remain conducive to growth. Building on our successes, we will accelerate our digital transformation agenda, with plans to launch our e-wallet platform and advance AI adoption to enhance credit scoring, customer interaction, and operational efficiency. Our commitment to Green Financing will deepen, as we expand our offerings to support sustainable development and environmental conservation.

We will also continue to foster a customer-first culture, ensuring that our products and services remain accessible, inclusive, and aligned with the evolving needs of our diverse customer base.

With a strategic focus on innovation, inclusivity, and sustainability, Singer Finance is well-positioned to sustain its leadership and deliver enduring value to all stakeholders in the years ahead.

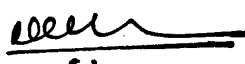
### Appreciation

On behalf of the Board of Directors, I extend my deepest gratitude to Mr. Mahesh Wijewardene, Group MD of Singer (Sri Lanka) PLC, and Mr. Thushan Amarasuriya, CEO of Singer Finance, for their visionary leadership and unwavering dedication. Their strategic foresight and commitment to excellence have been instrumental in driving our success. I also express my heartfelt appreciation to our talented and hardworking team of employees across the island, whose passion, resilience, and customer-centric approach have been the backbone of our achievements.

My sincere thanks go to Mr. Mohan Pandithage, Chairman of our parent company, and the entire Hayleys Group, for their steadfast support, guidance, and shared commitment to our vision. I am also grateful to the Central Bank of Sri Lanka for its regulatory stewardship, which has provided a stable and enabling environment for our operations. Above all, I extend my profound gratitude to our valued customers, depositors, and shareholders, whose trust and loyalty have been the foundation of our success. Your continued support fuels our ambition and inspires us to reach greater heights.

As we look to the future, we invite you to join us in writing the next chapter of Singer Finance's journey—a journey defined by values, driven by prosperity, and dedicated to creating a brighter, more inclusive future for all.

Warm regards,



**Aravinda Perera**

Chairman

Singer Finance (Lanka) PLC

6th May 2025  
Colombo

# GROUP MANAGING DIRECTOR'S REVIEW



Dear Stakeholder,

The financial year 2024/25 represents a transformative chapter in the journey of Singer Finance (Lanka) PLC, characterized by exceptional financial achievements, disciplined strategic execution, and a steadfast commitment to excellence. Operating within a dynamic environment shaped by Sri Lanka's ongoing economic recovery, evolving regulatory frameworks, and intensifying competitive pressures, the Company has demonstrated its ability to not only adapt but to lead with resilience, innovation, and a clear sense of purpose.

## Operational Excellence Amid Economic Recovery

During the past year, Sri Lanka's economy showed promising signs of stabilization, creating a more favourable climate for private sector activity and financial services. This improving economic landscape, marked by greater stability and increased consumer confidence, provided a strong foundation for Singer Finance to pursue sustainable growth. We capitalized on these conditions by strategically expanding our lending portfolio, strengthening our credit risk management frameworks, and enhancing our engagement with customers across diverse segments.

The Company achieved excellent financial results, closing the year with a Profit Before Tax of Rs. 1.46 billion, reflecting an extraordinary 124% increase compared to the previous year. Profit After Tax more than doubled, reaching Rs. 851.7 million, a testament to our robust operational framework and strategic foresight. Our total asset base expanded by an impressive 56% to Rs. 57.1 billion, surpassing the significant milestone of Rs. 50 billion for the first time in our history. This growth was driven by a 71% year-on-year increase in lending activities, with the loan portfolio growing from Rs. 27.7 billion to Rs. 47.5 billion. Key drivers of this expansion included heightened demand for

"As a subsidiary of Singer (Sri Lanka) PLC and of the esteemed Hayleys Group, Singer Finance benefits from a unique market positioning that fosters stakeholder trust and enhances our visibility."

vehicle leasing products, particularly for commercial and personal vehicles, and our gold loan offerings, which resonated strongly with customers seeking flexible financing solutions.

The Company maintained a sharp focus on operational efficiency, achieving notable growth without significant increases in headcount. By prioritizing cost discipline and optimizing resource allocation, we ensured that our operations remained lean yet highly effective. Net Interest Income saw strong growth, driven by our ability to balance competitive pricing with prudent risk management, while Fee and Commission Income also rose significantly, reflecting

the success of our diversified revenue streams and enhanced customer engagement initiatives. Additionally, we made significant strides in improving asset quality, reducing our Non-Performing Loan (NPL) ratio through proactive recovery strategies, and the integration of advanced data analytics to better assess and mitigate credit risks and to stand well above industry averages.

### **Leveraging Brand Strength and Market Confidence**

The enduring strength of the Singer brand, one of Sri Lanka's most trusted and recognizable names, continues to be a cornerstone of our success. As a subsidiary of Singer (Sri Lanka) PLC and of the esteemed Hayleys Group, Singer Finance benefits from a unique market positioning that fosters stakeholder trust and enhances our visibility. This affiliation provides access to robust governance structures, extensive distribution networks, and a diverse customer base, all of which strengthen our operational capabilities and competitive edge.

Throughout the year, we deepened our collaboration with group entities to drive strategic initiatives. These synergies also played a critical role in deposit mobilization, enabling us to maintain a strong liquidity position while diversifying our funding sources. The trust and credibility associated with our parent entities, combined with our own operational excellence, have solidified Singer Finance's reputation as a preferred financial partner for customers across Sri Lanka, from urban centers to rural communities.

### **Strategic Expansion and Brand Building**

In line with our medium-term growth strategy, Singer Finance expanded its physical presence by opening four new branches, bringing our total network to 56 outlets. These new locations were carefully chosen to penetrate emerging regional markets, particularly

in underserved areas, thereby enhancing accessibility and advancing our commitment to financial inclusion. Each new branch was designed with modern infrastructure and customer-centric facilities, ensuring a seamless and welcoming experience for clients seeking our services.

In parallel, we intensified our efforts to strengthen our brand identity and deepen customer connections. By aligning our brand messaging with our operational ethos, we have reinforced our reputation as a trusted partner in Sri Lanka's financial services landscape, fostering loyalty and confidence among our stakeholders.

### **Digital Enablement and Innovation**

Digital transformation remained a central pillar of our strategy in 2024/25, as we continued to invest in technology to enhance operational efficiency, accessibility, and customer satisfaction. We made significant upgrades to our IT infrastructure, incorporating advanced cybersecurity protocols to safeguard customer data and ensure compliance with stringent regulatory standards. Additionally, we introduced seamless digital integrations with leading financial institutions, enabling real-time transaction processing and significantly improving the speed, convenience, and reliability of our services.

A key highlight of our digital initiatives was the launch of the Singer Finance Digital Academy, an innovative e-learning platform designed to upskill our employees and foster a culture of continuous learning and improvement. The Academy offers tailored training modules covering a wide range of topics, from customer service excellence to advanced financial analytics, ensuring that our workforce remains well-equipped to meet the demands of a rapidly evolving industry. Furthermore, we initiated pilot projects to explore the use of AI-driven tools for credit

## GROUP MANAGING DIRECTOR'S REVIEW

"Building on the strong foundation established in 2024/25, we have set ambitious goals to significantly expand our branch network and achieve substantial growth in our asset base over the next two years."

assessment and targeted marketing which yielded promising results. These early-stage initiatives have shown promising results, paving the way for more sophisticated digital engagement strategies that will enhance our ability to serve customers and optimize operations in the years ahead.

### Sustainability and ESG Integration

Singer Finance took significant steps to formalize its Environmental, Social, and Governance (ESG) strategy during the year, aligning with the Hayleys LifeCode and the Code of Best Practices on ESG. The Board adopted comprehensive ESG policies, marking a critical milestone in embedding sustainability into our governance, operations, and reporting frameworks. This strategic focus reflects our commitment to creating long-term value for all stakeholders while contributing to a more sustainable and inclusive future.

Our sustainability efforts prioritized the promotion of clean energy and sustainable mobility. We expanded our green financing portfolio, offering innovative products such as hybrid and electric vehicle leasing, solar energy loans, and financing for electric three-wheelers. These initiatives align with national priorities for environmental conservation and support Sri Lanka's transition to a low-carbon economy. Internally, we took steps to reduce our operational footprint by incorporating solar infrastructure into new branch openings and minimizing reliance on fossil fuel-based backup systems. These efforts demonstrate our commitment to environmental stewardship while maintaining operational efficiency and resilience.

Looking ahead, we are preparing to launch a comprehensive ESG roadmap in the first quarter of FY 2025/26. This roadmap will outline clear targets, metrics, and timelines, aligning our disclosures with global best practices and integrating ESG considerations into our long-term performance evaluation framework.

By embedding sustainability into the core of our operations, we aim to set a benchmark for responsible business practices within Sri Lanka's financial services sector, inspiring confidence among stakeholders and contributing to broader societal goals.

### Vision for Growth

As we look to the future, Singer Finance is poised to evolve into a large-scale, digitally enabled, and sustainability-driven financial institution. Building on the strong foundation established in 2024/25, we have set ambitious goals to significantly expand our branch network and achieve substantial growth in our asset base over the next two years. Our strategic vision is to position Singer Finance among the top five Licensed Finance Companies in Sri Lanka, leveraging our existing strengths while seizing new opportunities in an evolving market landscape.

To achieve these objectives, we will continue to invest in our human capital, fostering a culture of excellence and innovation among our employees. We will also strengthen our risk management and compliance frameworks to ensure resilience in the face of regulatory and market changes. Our operational governance will remain a cornerstone of our strategy, with performance metrics that consistently exceed industry benchmarks, providing a solid platform for sustained growth. By combining innovation, customer-centricity, and strategic discipline, we are confident in our ability to deliver exceptional value to our stakeholders and shape the future of financial services in Sri Lanka.

## Appreciation

I extend my deepest gratitude to the Company Chairman, Mr. Aravinda Perera, for his visionary leadership and strategic guidance throughout this transformative year. My heartfelt thanks also go to Mr. Mohan Pandithage, the Group Chairman, for his unwavering support and encouragement. To the Board of Directors, the CEO, Mr. Thushan Amarasuriya, and the entire management and staff of Singer Finance; your dedication, agility, and professionalism have been the driving force behind our success. 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.

To our valued customers, shareholders, regulators, and business partners—thank you for your continued trust and confidence in Singer Finance. We remain steadfast in our commitment to delivering long-term value, guided by integrity, innovation, and a vision for inclusive prosperity that uplifts communities across Sri Lanka.



**Mahesh Wijewardene**  
Group Managing Director

6th May 2025  
Colombo

# CHIEF EXECUTIVE OFFICER'S REVIEW



## A Year of Momentum, Resilience, and Repositioning

The financial year 2024/2025 will be remembered as a period of strategic resurgence and meaningful progress for Singer Finance (Lanka) PLC. In an environment that began with caution and ended with optimism, we seized opportunities to recalibrate our risk appetite, accelerate portfolio growth, and deepen stakeholder value, all while staying grounded in our principles. As Sri Lanka's macroeconomic fundamentals gradually stabilised after an unprecedented crisis, we embraced this new era with confidence—choosing to leverage our strengths and engage in a period of purposeful transformation that would enable us to achieve holistic growth in the years ahead.

## Harnessing Stability for Strategic Growth

When we entered this financial year, interest rate stability was a defining shift in the operating environment. Given our predominantly fixed-tenure lending portfolio, fluctuations in interest rates have traditionally exposed us to heightened financial risk; however, this year, the consistent reduction and stabilization in interest rates allowed us to reduce cost of funds, stimulate credit demand, and plan our growth with greater predictability. Recognizing this window of opportunity, we made a strategic decision to expand our portfolio by undertaking calculated risks, all while preserving our strong credit quality through rigorous underwriting and monitoring frameworks.

This approach paved the way for exceptional portfolio and profit growth,

thereby validating the strength of our strategy. The income-generating portfolio grew by an impressive 71%, rising from Rs. 27.7 billion to Rs. 47.5 billion. Our asset base crossed a significant milestone, reaching Rs. 57.05 billion, reflecting 56% year-on-year growth. Most notably, we achieved our highest-ever Profit After Tax (PAT) of Rs. 853 million, marking a 111% increase over the previous year. Profit Before Tax reached approximately Rs. 1.4 billion, while gross income rose to Rs. 9.7 billion. In addition, the NPE ratio improved substantially from 10.25% to 5.43%, driven by strong collections and disciplined portfolio growth.

## Strength in Brand, Culture, and Relationships

While our financial performance sets a strong benchmark, the true drivers of our success lies in our strong fundamentals.

"Reflecting on our 20-year journey, it is humbling to witness how far we have come. From being a niche financier of our parent company's products, we have evolved into a nationally recognised financial institution with an independent identity and robust governance framework. Our transformation has taken place in both size and spirit-reflected in the way we lead, serve, and grow."

Singer Finance is built upon a name that generations of Sri Lankans have come to associate with trust, reliability, and integrity. This legacy is further strengthened by our affiliation with the Hayleys Group, which brings additional depth in governance, brand equity, and institutional credibility. Together, these two respected names have elevated our market presence and reinforced stakeholder confidence.

However, sustainable value cannot be achieved through brand strength alone. Our true distinction lies in the culture we have nurtured—one that places people at the heart of every decision. Whether in service to our customers or in support of our employees, our values are rooted in empathy, respect, and accountability. This customer-centric philosophy is not just aspirational—it is embedded across our policies and operational frameworks.

We have worked diligently to empower our teams to engage with compassion and professionalism even amid complex repayment scenarios, while taking measures to proactively safeguard the financial integrity and long-term sustainability of our business operations.

### **A Human-Centric Approach to Leadership**

During the year, we introduced the "We Feel You" program in collaboration with the University of Kelaniya, designed to cultivate emotionally intelligent service by reshaping mindsets and enhancing interpersonal connection. Positioned as more than a mere training initiative, it marked a meaningful shift in how we engage with our customers and peers. This was further supported by a suite of employee engagement and recognition initiatives, including mentorship programs for senior staff, team-building activities, and the much-anticipated "CEO's Challenge Trophy."

On a more personal note, I visited 15 branches as part of our "Coffee with the CEO" initiative, engaging directly with front-line teams to drive informal, meaningful conversations. These moments offered valuable opportunities to listen, offer guidance, and connect with the individuals who truly represent our brand at every customer touchpoint. I firmly believe that leadership must be experienced and not just observed; and these interactions helped strengthen our shared sense of purpose and unity as a team.

### **Digital Foundations for the Future**

Recognizing the importance of technological agility, we advanced a number of digital transformation initiatives aimed at strengthening operational efficiency, resilience, and customer convenience. Key developments included the implementation of real-time network monitoring systems, enhanced data security protocols, and the automation of core functions such as the impairment model. We also undertook system integrations with leading banking institutions to enable real-time payments and cash flow management.

Internally, we relaunched our Digital Academy, reaffirming our commitment to building digital capabilities across the organization. Business process automation was further enhanced through improved email and SMS notification systems, ensuring smoother communication across workflows.

In the realm of emerging technologies, we initiated two AI-driven platforms—one designed to optimise gold loan advance values based on historical behavioral data, and another focused on cross-sell opportunity mapping. Though still in the early stages, these platforms are expected to significantly enhance how we personalize product offerings in the future.

Looking ahead, we are preparing to launch our eWallet and a revamped Loan Origination System (LOS), which will mark a new chapter in digital accessibility—empowering customers with self-service capabilities for fixed deposits and loan applications.

### **Deepening Customer Connections**

Our 20-year anniversary offered a meaningful opportunity to reconnect with the customers who have been part of our journey from the very beginning. Nearly 1,000 long-standing clients were invited to exclusive celebrations held across our branch network, honoring their loyalty and shared history with the brand. These milestone events were complemented by smaller, yet impactful engagements—such as sapling giveaways on New Year's Day, children's art competitions during the festive season, and targeted digital campaigns that helped strengthen our social media presence.

We also enhanced our customer communication strategy through strategic influencer collaborations and an expanded presence on platforms like TikTok, resulting in increased engagement and stronger brand recall, particularly among younger audiences.

### **Building a Sustainable Future**

This year marked a significant milestone in our sustainability journey with the launch of our formal Environmental,

## CHIEF EXECUTIVE OFFICER'S REVIEW

"During the year, we introduced the "We Feel You" program in collaboration with the University of Kelaniya, designed to cultivate emotionally intelligent service by reshaping mindsets and enhancing interpersonal connection."

Social, and Governance (ESG) Policy, and the completion of a structured ESG Roadmap, scheduled for publication in the first quarter of the upcoming financial year. Aligned with the robust ESG frameworks of the Hayleys Group, these initiatives reflect our long-term commitment to responsible growth, ensuring that our operations positively impact the environment, contribute meaningfully to society, and uphold the highest standards of governance.

In advancing our environmental agenda, we implemented several high-impact programs. Over 4,500 trees were planted in schools across the country as part of an initiative to embed environmental awareness among younger generations. Complementing this, we distributed more than 500 saplings to customers during our New Year CSR campaign, promoting green habits within our communities.

We also launched the Ocean Heal Project—a long-term marine conservation initiative. Phase one included beach cleanups in Mount Lavinia, carried out in collaboration with the Zero Plastic team, while phase two focused on mangrove restoration in Maduganga, paired with educational workshops for staff to build internal awareness and advocacy.

Further reinforcing our ESG-aligned financial strategy, our solar financing portfolio saw considerable growth, disbursing over Rs. 150 million in clean energy loans. This reflects our ongoing efforts to support renewable energy adoption, reduce carbon footprints, and align our lending practices with broader sustainability goals.

Together, these efforts not only demonstrate our commitment to ESG principles but also reflect our role as a responsible financial institution committed to creating long-term value for all stakeholders.

### Strategic Expansion with Purpose

In a bid to maintaining a disciplined approach to branch expansion, we established a physical presence in four new locations, while focusing on enhancing operational efficiencies within our existing network. Looking ahead, our expansion strategy will focus on underserved provinces such as Sabaragamuwa and the Eastern region, allowing us to bring inclusive financial services to communities that remain outside the reach of traditional banking.

We also began laying the groundwork for product diversification, exploring new avenues and tapping into lucrative markets to broaden our customer base and enhance our service offerings. This strategic move will position us to anticipate and address evolving customer needs, and capture emerging growth opportunities.

### Future Outlook: Staying Grounded, Thinking Bold

As we look ahead, our strategy will continue to be guided by five key pillars: Industry-leading Growth and

Profitability, Unrivaled Customer-Centricity, a Workplace of Choice, Digital Transformation, and a deep commitment to ESG principles. In an ever-evolving landscape, we are confident that this comprehensive approach will strike a vital balance between stability and agility, enabling us to navigate change with confidence and trust, all while reinforcing our foundation with continuous investments to strengthen our infrastructure and governance.

Amid rapid advances in digitalisation, we are driven by a clear guiding philosophy: innovation and technology are fundamental towards achieving business performance, but they should never come at the expense of the human touch. Financial services are built on trust, understanding, and relationships, and as we embrace modernisation and progress, we never lose sight of the fact that people remain the driving force behind all that we do.

### Celebrating 20 Years of Purposeful Growth

Reflecting on our 20-year journey, it is humbling to witness how far we have come. From being a niche financier of our parent company's products, we have evolved into a nationally recognised financial institution with an independent identity and robust governance framework. Our transformation has taken place in both size and spirit—reflected in the way we lead, serve, and grow. Today, as we stand on the brink of becoming a large-scale finance company, we carry the weight of our legacy with pride and the excitement of our future with conviction.

Our growth has not been coincidental. It has been carefully built—step by step, person by person—with dedication, courage, and consistency. As we enter the next phase, we do so with a vision that goes beyond merely achieving targets. We are driven by a deeper sense of purpose: to create lasting impact that transcends transactions, to forge relationships that endure beyond the present, and to cultivate a company that surpasses all limits.

## In Appreciation

I extend my heartfelt gratitude to our Chairman and the Board of Directors for their unwavering support, strategic guidance, and principled leadership throughout this transformative year. Their foresight and wisdom have been instrumental in steering Singer Finance towards responsible growth, resilience, and long-term value creation. I am also deeply thankful to the Hayleys Group for the strength, trust, and corporate stewardship they have continued to provide—enabling us to rise as a trusted financial institution that is rooted in heritage, yet remains focused on the future. A special note of appreciation is extended to Mr. Jayanth Perera, who retired from our Board during the year. His invaluable contribution, deep insight, and steadfast commitment have left a lasting impression on our journey, and we are grateful for the legacy of governance and vision he leaves behind.

To our employees across every branch and function—thank you. Your tireless dedication, integrity, and drive to serve our customers with heart and purpose form the foundation of all that we have achieved. I am equally grateful to our loyal customers who continue to place their trust in us, and to our shareholders, whose belief in our potential fuels our ambition. To all our stakeholders, including our regulators and partners, thank you for standing by us. Your confidence and collaboration make our progress possible, and will continue to power our future.

As we close this chapter and look toward the future, I am filled with deep gratitude and resolve. Our journey has never been defined by numbers alone—it has always been about people—and in empowering their dreams, restoring livelihoods, financing futures, and reigniting hope. In a world of constant transformation, we remain steadfast in our belief that empathy, trust, and human connection will always be our greatest strengths. At Singer Finance, our goal is not merely to grow larger—but to grow better. With humility, heart, and an unwavering commitment to the values that have brought us here, we

step forward, ready to create a future that honours the trust placed in us.

Guided by values and driven by prosperity, we pledge to embark on a journey of courage, service, and collective success in the years ahead.



**Thushan Amarasuriya**  
Executive Director/Chief Executive Officer

6th May 2025  
Colombo

# BOARD OF DIRECTORS

GRI 2-9





Left to right

**Mr. Aravinda Perera**  
Chairman/ Non-Executive Director

**Mr. Saman Herath**  
Independent Non-Executive Director

**Mr. Mahesh Wijewardene**  
Group Managing Director/  
Non-Executive Director

**Mr. Thushan Amarasuriya**  
CEO/ Executive Director

**Mr. Ranil De Silva**  
Independent Non-Executive Director

**Ms. Darshini Talpahewa**  
Non-Executive Director

**Mr. Dhammika Siriwardene**  
Independent Non- executive Director

**Ms. Hiranthi De Silva**  
Independent Non Executive Director

## BOARD OF DIRECTORS



**Mr. Aravinda Perera**

### Qualifications

Mr. Aravinda Perera holds a 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 a MBA from the Postgraduate Institute of Management (PIM).

### Brief Profile

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

Mr. Aravinda Perera counts over 41 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. Presently, he is the Managing Director of Royal Ceramics Lanka PLC and the Chairman of Pan Asia Banking Corporation PLC.

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 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 Jayewardenepura University. He was also honoured with the “Award for the Outstanding Contribution to the Banking Industry – 2015” and bestowed with an Honorary Life Membership by the Association of Professional Bankers.

### The nature of his expertise in relevant functional areas

Banking, Financial and Management Accounting, General Management.

### Whether either the Director or close family member has any material business relationships with other Directors of the Company

No

### Executive, Non-Executive and/or Independent Director

Non-Independent Non-Executive

**Names of companies in Sri Lanka in which the Director concerned serves as a Director indicating whether such companies are listed or unlisted and whether such director functions in an executive or non-executive capacity**

Company	Listed/Unlisted	Executive/Non-Executive
Royal Ceramics Lanka PLC	Listed	Executive
Pan Asia Banking Corporation PLC	Listed	Non-Executive
Rocell Bathware Ltd	Unlisted	Executive
Hayleys PLC	Listed	Independent Non Executive
Hayleys Aventura (Pvt) Ltd	Unlisted	Non-Executive
Hayleys Advantis Ltd	Unlisted	Non-Executive
Fentons Ltd	Unlisted	Non-Executive
SNAPS Residencies (Pvt) Ltd	Unlisted	Non-Executive
Kosgulana Hydro Company (Private) Limited	Unlisted	Non-Executive



**Mr. Saman Herath**

### Qualifications

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,). He also is an Associate Member of the Institute of Bankers, Sri Lanka.(AIB)

### Brief Profile

Mr. Saman Herath joined the Board of Singer Finance (Lanka) PLC on 2nd September 2021 and was appointed as the Senior Independent Non Executive Director on 10th July 2024.

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 PLC 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 PLC.

### The nature of his expertise in relevant functional areas

He brings extensive expertise spanning over 40 years possessing operational and strategic insight into the banking sector covering finance, branch banking, Credit, operations, international banking and treasury management having held senior leadership positions across two prominent Financial Institutions.

In addition to banking experience has served as CEO in in the non-banking finance industry (NBFI) gaining comprehensive knowledge of regulatory framework, financing structure and risk management in the NBFI sector enables to contribute to the board's overall responsibilities and strategic deliberations particularly in areas related to finance governance, operational excellence and sustainable growth.

**Whether either the Director or close family member has any material business relationships with other Directors of the Company**

No

**Executive, Non-Executive and/or Independent Director**

Independent Non-Executive

**Names of companies in Sri Lanka in which the Director concerned serves as a Director indicating whether such companies are listed or unlisted and whether such director functions in an executive or non-executive capacity**

Company	Listed/ Unlisted	Executive/Non- Executive
None		



**Mr. Mahesh Wijewardene**

**Qualifications**

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. Executive Business Studies at Harvard Business School - Boston & National University of Singapore.

**Brief Profile**

Appointed to the Group Management Committee of Hayleys PLC and as 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 was appointed as the Group Managing Director on 01st April 2025. He counts for over 30 years of managerial experience in diverse fields of business. He currently serves as Vice President of Sri Lanka Retailers' Association and a Member of the International Chamber of Commerce - Policy Committee and a Committee Member of Employers Federation of Ceylon. Mr. Wijewardene served as the past Chairman of Ceylon Chamber of Commerce - Import Section and Sri Lanka - China Business Council.

**The nature of his expertise in relevant functional areas**

Held the Key Management positions of Director Commercial, Service, Sales, Marketing at Singer (Sri Lanka) PLC.

**Whether either the Director or close family member has any material business relationships with other Directors of the Company**

No

**Executive, Non-Executive and/or Independent Director**

Non-Executive

**Names of companies in Sri Lanka in which the Director concerned serves as a Director indicating whether such companies are listed or unlisted and whether such director functions in an executive or non-executive capacity**

Company	Listed/ Unlisted	Executive/Non- Executive
Singer (Sri Lanka) PLC	Listed	Executive
Regnis Appliances (Pvt) Ltd	Unlisted	Executive
Reality Lanka Limited	Unlisted	Executive
Equity Investments Lanka Limited	Unlisted	Non Executive



**Mr. Thushan Amarasuriya**

**Qualifications**

Mr. Amarasuriya 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, holds a LLB (Hons) with a Second Class Honours (upper Division) from BNU -UK and is a Honorary Fellow Member of the Sri Lanka Institute of Credit Management.

**Brief Profile**

Appointed as the Chief Executive Officer of the company on 1st July 2018. He has over 21 years of managerial experience in Retailing FMCG, Retailing Consumer Goods and in Financing and Leasing Industry. 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.

## BOARD OF DIRECTORS

### The nature of his expertise in relevant functional areas

He has both working experience and academic qualifications in Accounting, Finance, Compliance and Marketing which directly relates to his functional areas

### Whether either the Director or close family member has any material business relationships with other Directors of the Company

No

### Executive, Non-Executive and/or Independent Director

Executive

### Names of companies in Sri Lanka in which the Director concerned serves as a Director indicating whether such companies are listed or unlisted and whether such director functions in an executive or non-executive capacity

Company	Listed/Unlisted	Executive/Non-Executive
None		



**Mr. Ranil De Silva**

### Qualifications

Mr. De Silva is an Associate Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and a Member of the Chartered Institute of Marketing UK and Chartered Institute of Management Accountants UK.

### Brief Profile

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

### The nature of his expertise in relevant functional areas

Auditing, Finance & Reporting, Strategy

### Whether either the Director or close family member has any material business relationships with other Directors of the Company

No

### Executive, Non-Executive and/or Independent Director

Independent Non-Executive

### Names of companies in Sri Lanka in which the Director concerned serves as a Director indicating whether such companies are listed or unlisted and whether such director functions in an executive or non-executive capacity

Company	Listed/Unlisted	Executive/Non-Executive
Central Industries PLC	Listed	Non-Executive
Hayleys Leisure PLC	Listed	Non-Executive
Alumex PLC	Listed	Non-Executive
The Kingsbury PLC	Listed	Non-Executive
Lanka Shipping & Logistics (Pvt) Ltd.	Unlisted	Non-Executive



**Ms. Darshini Talpahewa**

### Qualifications

Ms. Darshini 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 also in International Relations, from the University of Colombo.

### Brief Profile

Joined 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.

### The nature of her expertise in relevant functional areas

Commercial Legal Matters -Attorney-at-law, Human Resources Generalist

### Whether either the Director or close family member has any material business relationships with other Directors of the Company

No

### Executive, Non-Executive and/or Independent Director

Non-Independent Non-Executive

### Names of companies in Sri Lanka in which the Director concerned serves as a Director indicating whether such companies are listed or unlisted and whether such director functions in an executive or non-executive capacity

Company	Listed/Unlisted	Executive/Non-Executive
Hayleys Group Services (Pvt) Ltd	Unlisted	Non-Executive Director
HJS Condiments Ltd	Unlisted	Non-Executive Director
Ceylon Deanstone Company (Pvt) Ltd	Unlisted	Director

**Mr. Dhammika Siriwardene****Qualifications**

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

**Brief Profile**

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

He was formerly the Deputy Group CFO of Hayleys Group, a leading diversified group of companies with local and international operations.

**The nature of his expertise in relevant functional areas**

He has extensive experience in the fields of Finance, Strategic Planning, Management Audit, Insurance and Fund Management in a career spanning over 35 years.

**Whether either the Director or close family member has any material business relationships with other Directors of the Company**

None

**Executive, Non-Executive and/or Independent Director**

Independent Non-Executive

**Names of companies in Sri Lanka in which the Director concerned serves as a Director indicating whether such companies are listed or unlisted and whether such director functions in an executive or non-executive capacity**

Company	Listed/ Unlisted	Executive/Non- Executive
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None

**Ms. Hiranthi De Silva****Qualifications**

Ms. Hiranthi De Silva holds an MBA from Edith Cowen University Australia.

**Brief Profile**

Ms. Hiranthi de Silva has extensive experience in banking, having served in the industry for more than 36 years. In her career spanning 27 years at Sampath Bank she held multiple positions covering all areas relating to banking operations and credit progressing to focus on Corporate Credit and was Deputy General Manager Corporate Credit at the time of resignation.

She thereafter served as the Senior Vice President Wholesale Banking at Union Bank of Colombo until her retirement in 2024.

**The nature of her expertise in relevant functional areas**

She had a career spanning for more than 36 years in the banking industry. During her career in the industry she covered all aspects of banking, initially in the branch network and thereafter specialising in credit with more than 20 years of experience in the area of Corporate Banking having served as Head of Corporate Banking at both Sampath Bank and Union Bank.

**Whether either the Director or close family member has any material business relationships with other Directors of the Company**

No

**Executive, Non-Executive and/or Independent Director**

Independent Non-Executive

**Names of companies in Sri Lanka in which the Director concerned serves as a Director indicating whether such companies are listed or unlisted and whether such director functions in an executive or non-executive capacity**

Company	Listed/ Unlisted	Executive/Non- Executive
Asia Institute of Business and Science	Unlisted	Executive

## MANAGEMENT TEAM



Left to right

**Mr. Iman Perera**  
Chief Operating Officer

**Ms. Chandrika Alwis**  
Consultant to the Chairman

**Mr. Lasitha Dias**  
Head of Strategic Planning and  
Company Secretary

**Mr. Chandana Nanayakkara**  
Chief Financial Officer

**Mr. Thilan Rupasinghe**  
Head of Treasury and Financial Services

**Mr. Jeevaka Jayawardena**  
Senior Manager-Credit and Group Sales



**Ms. Nadeesha De Silva**  
Senior Manager – Compliance

**Mr. Niranjana Sethunga**  
Head of Recoveries

**Ms. Harshani Mapatuna**  
Head of Legal

**Mr. Joe Wijeyegoonewardene**  
Head of Deposits

**Mr. Pradeep Boange**  
Head of Branch Business Development

**Mr. Arunda Silva**  
Senior Manager – Risk

## 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 32 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 Jaywardenepura and a BSc degree in Business Administration (Special) from the University of Sri Jaywardenepura. 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.

### Ms. Chandrika Alwis

#### Consultant to the Chairman

Chandrika joined Singer Finance in 2018 and counts over 42 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 Singer Finance.

### 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 17 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.

### Mr. Chandana Nanayakkara

#### Chief Financial Officer

Chandana has almost 25 years of experience in Accounting, Auditing, Taxation, Finance & Strategic Planning and joined Singer Finance in January 2025. Prior to joining Singer Finance He has served as Assistant General Manager-Finance of Mercantile Investments and Finance PLC. He was a Senior Accountant at Ernst & Young before joining Mercantile Investment and Finance PLC.

He is a member of the Institute of Chartered Accountants of Sri Lanka and Institute of Certified Management Accountants of Sri Lanka & further He is a Chartered Tax Advisor. He holds a Master degree of Financial Economics from University of Colombo and Master degree of Business Finance form University of Kelaniya.

### 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 31 years, out of which over 18 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 With over 26 years of dedicated service at the Singer Group, Jeevaka brings a wealth of experience in finance, credit management, and business operations. His expertise spans 16 years in Accounting and Finance within the Group and 20 years in the Finance and Leasing industry.

In 2015, he took on the leadership of the Company's credit function, successfully heading the department for four years. His role evolved in 2020 when he was appointed as Senior Manager - Credit and Group Sales, overseeing marketing, recoveries, and operations within the Group Sales business.

In January 2025, he expanded his scope further, taking charge of IT and digital transformation—an additional responsibility that reflects his adaptability and strategic approach to business innovation.

## 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 Jayewardenepura 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.

## Mr. Niranjan Sethunga

### Head of Recoveries

Niranjan has been with Singer Finance since its inception and holds over 21 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 28 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. 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 43 years have been spent in the Finance Industry heading deposit departments. He is a Justice of Peace (All Island).

## Mr. Pradeep Boange

### Head of Branch Business Development

Pradeep has over 32 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.

## Mr. Arunda Silva

### Senior Manager – Risk

Arunda Silva joined Singer Finance (Lanka) PLC in September 2024 as the Head of Risk. Prior to joining Singer Finance, he served as a Senior Manager – Risk at PMF Finance PLC. With over 15 years of extensive experience in risk management across banking, finance institutions, investment banking, and a leading Big Four audit firm, Arunda brings a wealth of expertise to his role. He began his career in 2009 as a Fund Accountant for Hedge Funds at HSBC Securities Services.

Arunda holds a MBA from the University of Colombo, a Bachelor of Science degree in Agriculture from the University of Peradeniya and the level one of Chartered Institute of Management Accounts, UK. He has also earned a Postgraduate Diploma in Bank Management from the Institute of Bankers of Sri Lanka.



# STRATEGY AS THE FOUNDATION

**Because We Feel You.**

Our people-first culture is more than a tagline it's a way of doing business. Whether it's a customer walking into a branch, a team member reaching a career milestone, or a community in need of support we lead with empathy. It's how we build bonds that last, and it's how we make finance feel human.

# OPERATING ENVIRONMENT



## Introduction

The operating environment for Singer Finance (Lanka) PLC in the financial year 2024/25 was shaped by a robust economic recovery in Sri Lanka, following the unprecedented crisis of 2022. The year 2024/25 marked a pivotal period of stabilization and growth, driven by effective fiscal and monetary policy measures, the ongoing International Monetary Fund - Extended Fund Facility (IMF-EFF) programme, and significant progress in external debt restructuring. These developments fostered a conducive environment for the financial sector, enabling the Company to capitalize on improving macroeconomic conditions, renewed investor confidence, and increased credit demand.

## Macroeconomic Environment

### Economic Recovery and Stabilization

In 2024/25, Sri Lanka's economy experienced a broad-based revival across multiple sectors, marking a significant turnaround from the severe economic crisis of 2022, the most challenging in the country's post-independence history. The crisis had been characterized by acute foreign exchange shortages, soaring inflation, and disruptions to economic activity. However, corrective fiscal and monetary policies implemented since mid-2022, supported by the IMF-EFF programme, laid a solid foundation for recovery. The near completion of external debt restructuring and restored investor confidence further bolstered economic stability, enabling Sri Lanka to navigate a challenging global environment.

Real GDP growth in 2024/25 reflected this recovery, driven by increased economic activity across agriculture,

industry, and services sectors. The Central Bank of Sri Lanka's (CBSL) efforts to stabilize the economy were instrumental, with policies focused on maintaining domestic price stability and fostering sustainable growth. The positive impact of these measures was evident in the form of increased private sector credit, improved fiscal performance, and a strengthened external sector, all of which created a favorable operating environment for Singer Finance.

### Inflation and Monetary Policy

One of the most significant achievements of 2024/25 was the Central Bank's success in taming inflation, which had reached unprecedented levels during the 2022 crisis. A combination of tighter fiscal and monetary policies, coupled with favorable global price developments, resulted in a marked disinflation trend starting in 2023. By September 2024, inflation turned negative, driven by substantial reductions in administratively determined and cost-reflective energy prices. This temporary

deflationary period alleviated cost-of-living pressures for households and reduced production costs for businesses, creating a supportive environment for consumer spending and investment.

The Central Bank adopted an accommodative monetary policy stance in 2024, implementing three policy rate reductions during the year. This led to a broad-based decline in market interest rates, making credit more affordable for businesses and households. For Singer Finance, lower interest rates translated into increased demand for consumer and vehicle financing, particularly in the second half of 2024, as customers sought to capitalize on favorable borrowing conditions. The CBSL's shift from a dual policy rate mechanism to a single policy rate mechanism in November 2024 further strengthened monetary policy signaling and transmission, enhancing the predictability of interest rate movements for financial institutions.

## OPERATING ENVIRONMENT

Despite the deflationary trend, headline inflation deviated below the target range stipulated in the Monetary Policy Framework Agreement (MPFA) for the last three quarters of 2024. For Singer Finance, this outlook supports sustained demand for financing products, as stable prices encourage consumer confidence and business investment.

### External Sector Performance

The external sector exhibited greater stability in 2024/25, despite global challenges such as geopolitical tensions and economic uncertainties in major economies. The trade deficit widened due to a recovery in merchandise imports, driven by eased import restrictions and reviving economic activity. However, significant improvements in tourism earnings and workers' remittances offset this, enabling Sri Lanka to record an external current account surplus for the second consecutive year. The CBSL's record-high foreign exchange purchases in 2024/25 bolstered gross official reserves, while the Sri Lankan Rupee appreciated for the second consecutive year.

These developments improved liquidity in the domestic foreign exchange market, reducing exchange rate volatility and enhancing the predictability of import-related costs for businesses. For Singer Finance, a stable exchange rate was particularly beneficial, as it mitigated risks associated with foreign currency-denominated transactions and supported the affordability of imported consumer goods, such as electronics and vehicles, which form a significant portion of the Company's financing portfolio.

The near completion of external debt restructuring, coupled with the successful continuation of the IMF-EFF programme, strengthened Sri Lanka's external sector further. International rating agencies upgraded the country's credit ratings, signaling restored confidence among investors and creditors. This enhanced access to international capital markets, indirectly benefiting financial institutions by fostering a more stable funding environment.

### Fiscal Performance

Fiscal performance in 2024/25 played a critical role in reinforcing macroeconomic stability. Improved revenue collection, driven by tax reforms and enhanced compliance, coupled with prudent expenditure management, resulted in a positive primary balance. For Singer Finance, the improved fiscal environment reduced crowding-out pressures, allowing greater access to domestic funding markets. The positive fiscal outlook also supported consumer and business confidence, driving demand for the Company's financing products, particularly in the retail and small and medium enterprise (SME) segments.

## Financial Sector Dynamics

### Overview of the Financial Sector

The financial sector in 2024 demonstrated resilience and growth, supported by improved macroeconomic conditions and proactive regulatory oversight by the CBSL. The banking sector maintained stability, with capital and liquidity buffers well above regulatory thresholds. Total banking assets grew, driven by increased investments and loans, while deposits, the primary funding source, continued to expand. Although the Non-Performing Loans (NPL) ratio improved, it remained elevated, reflecting lingering challenges from the 2022 crisis. Banking sector profitability surged, primarily due to higher net interest income and the reversal of impairment charges following the restructuring of International Sovereign Bonds (ISBs).

The Finance Companies (FCs) sector, in which Singer Finance operates, recorded significant expansion in 2024, maintaining capital and liquidity levels well above regulatory minimums. The sector's asset base grew by 13.9% to Rs. 1,930.7 billion, driven by a 22.8% increase in loans and advances. Improved asset quality, reflected in a decline in the NPL ratio to 11.3% from 18.0% in 2023, and a 20.9% rise in Profit After Tax to Rs. 59.7 billion underscored the sector's resilience. These trends provided a favorable operating environment for

Singer Finance, enabling the Company to expand its lending portfolio and enhance profitability.

### Finance Companies Sector

The FCs sector, comprising 32 companies and accounting for 5.4% of total financial sector assets, played a vital role in promoting financial inclusion, with 1,908 branches, including 1,265 outside the Western Province. Singer Finance, as a key player in this sector, benefited from the sector's growth and the increasing demand for consumer and vehicle financing. The loans and advances portfolio, which accounted for 74.1% of the sector's assets, was dominated by finance leases and vehicle loans (64.0%) and loans secured by gold (19.8%). These segments recorded growth of 18.7% and 30.4%, respectively, reflecting robust demand for asset-backed financing.

The decline in the sector's NPL ratio to 11.3% and an improved Impairment Coverage Ratio of 41.9% signaled enhanced credit quality, supported by the economic recovery and improved borrower repayment capacity. For Singer Finance, this trend facilitated a reduction in provisioning costs, bolstering profitability. The sector's liquidity remained robust, with regulatory liquid assets of Rs. 220.9 billion against a minimum requirement of Rs. 115.8 billion, providing ample room for lending expansion. Customer deposits, accounting for 54.7% of liabilities, grew by 13.0% to Rs. 1,056.4 billion, while borrowings increased by 15.3% to Rs. 305.4 billion, reflecting diversified funding sources.

Profitability in the FCs sector was driven by a 24.3% increase in net interest income to Rs. 191.8 billion, with non-interest income growing marginally by 1.4%. The sector's Return on Assets (ROA) and Return on Equity (ROE) improved to 6.1% and 13.5%, respectively, while the efficiency ratio declined to 50.8%, indicating operational improvements. The capital base grew by 8.6% to Rs. 357.4 billion, with core capital and total capital ratios of 20.4% and 21.2%, respectively, well above regulatory requirements. These metrics

highlight the sector's capacity to support growth while maintaining financial stability, positioning Singer Finance favorably to pursue strategic expansion.

During the year both the Presidential and General elections were held. Election results reflected political stability in the country and was also a reflection of people's expectation for a clear change. IMF commended government economic recovery plan. During the year tourist arrivals recorded history best numbers and generated revenue for the country and the industry. Foreign reserves improved through worker remittances and growth in export income was evident. New trends in tourism and transport sector has showing great strides.

### Regulatory and Policy Developments

The CBSL's regulatory measures in 2024/25 were instrumental in fostering financial sector stability and supporting economic recovery. The enactment of the Banking (Amendment) Act, No. 24 of 2024, strengthened the governance framework for licensed banks, with implications for non-bank financial institutions through enhanced supervisory standards. The CBSL introduced guidelines for licensed banks to establish business revival units, supporting crisis-affected businesses and indirectly benefiting FCs by improving borrower viability.

The Financial Literacy Roadmap, launched in May 2024, aimed to enhance financial literacy across all societal segments, supporting Singer Finance's efforts to educate customers about its financing products. The full enforcement of financial consumer protection regulations by August 2024 reinforced transparency, fairness, and accountability in financial services, aligning with Singer Finance's commitment to ethical business practices. The CBSL's continued focus on anti-money laundering and countering the financing of terrorism (AML/CFT) standards, through the Financial Intelligence Unit (FIU), ensured sector integrity, which is critical for maintaining stakeholder trust.

The CBSL's promotion of digital payments and integration with international payment networks enhanced the efficiency and security of financial transactions. For Singer Finance, this supported the adoption of digital channels for loan repayments, improving customer convenience and operational efficiency. The Macprudential Policy Framework published by the CBSL increased stakeholder awareness of risk management processes, enabling Singer Finance to align its strategies with national priorities.

### Implications for Singer Finance

The operating environment in 2024/25 presented both opportunities and challenges for Singer Finance. The economic recovery and lower interest rates drove demand for consumer and vehicle financing, aligning with the Company's core product offerings. The stable exchange rate and improved foreign exchange liquidity reduced risks associated with imported goods, supporting the affordability of electronics and vehicles financed by the Company. The decline in inflation and deflationary conditions eased cost pressures for customers, enhancing their repayment capacity and reducing credit risk.

The robust growth in the FCs sector, particularly in loans and advances, provided Singer Finance with opportunities to expand its lending portfolio, focusing on finance leases, vehicle loans, and gold loans. The improved NPL ratio and increased profitability in the sector enabled the Company to optimize its provisioning strategy and enhance financial performance. The strong liquidity and capital positions of the FCs sector supported Singer Finance's ability to fund growth initiatives while maintaining regulatory compliance.

The CBSL's regulatory reforms, including the Masterplan Phase II, underscored the importance of resilience and governance, prompting Singer Finance to strengthen its risk management and operational frameworks. The emphasis on financial inclusion and digitalization aligned with the Company's strategic priorities, enabling it to reach underserved

segments and enhance customer engagement through digital platforms. The improved fiscal environment and reduced crowding-out pressures facilitated access to domestic funding, supporting the Company's deposit mobilization and borrowing strategies.

However, challenges remained, including the elevated NPL ratio in the FCs sector, which necessitated vigilant credit risk management. Global risks, such as geopolitical conflicts, potential US policy adjustments, and climate-related disruptions, could impact Sri Lanka's economic outlook, requiring Singer Finance to adopt proactive risk mitigation strategies. The competitive landscape, with 32 FCs operating in the sector, underscored the need for differentiation through innovative products and superior customer service.

## OUTLOOK

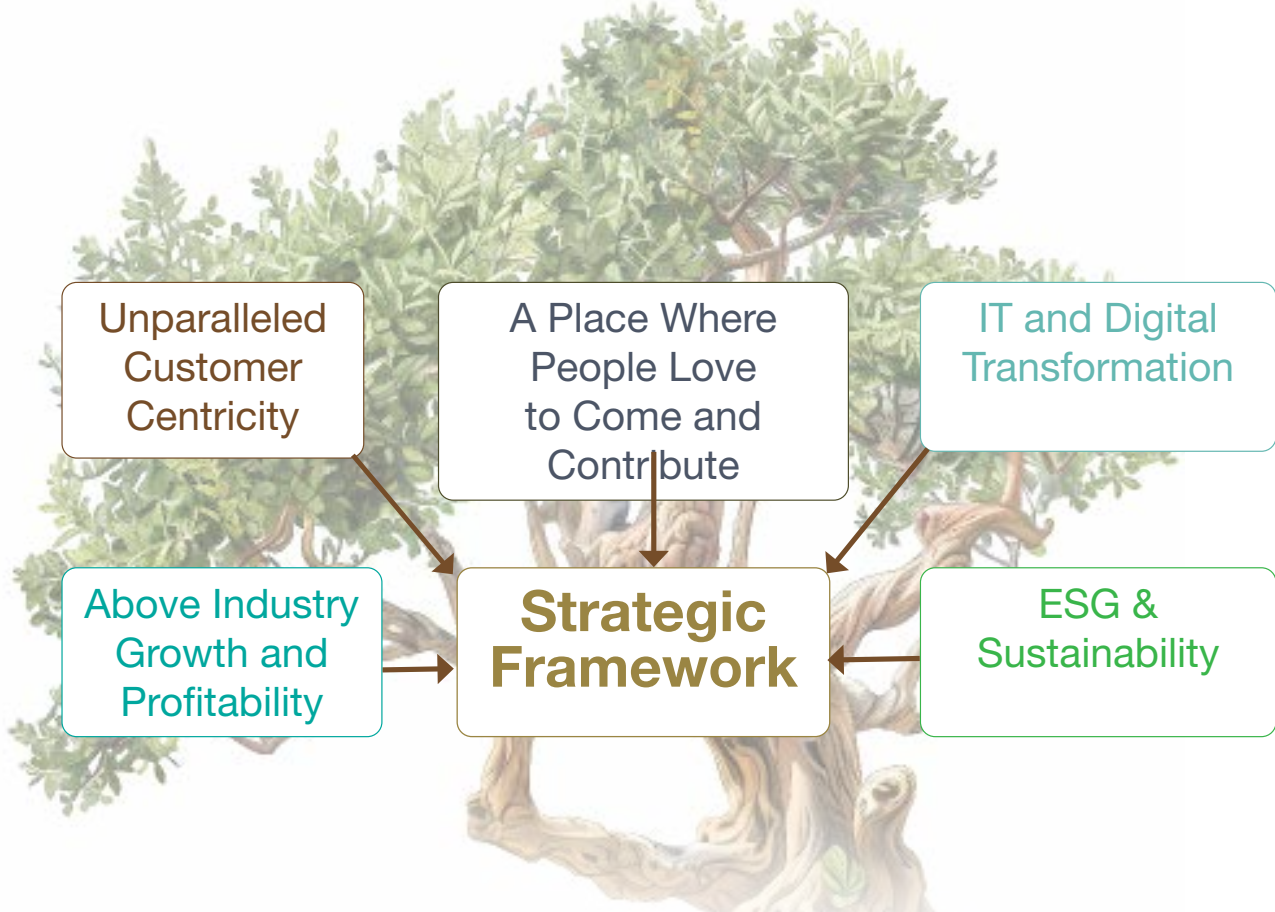
**Looking ahead, room for improvement in credit quality and operational efficiency. The Company remains well-positioned to navigate challenges and achieve sustainable growth in the evolving financial landscape.**



# OUR STRATEGY

## Strategic Overview

Inspired by the strength and elegance of Sri Lanka's iconic sandalwood tree, Singer Finance (Lanka) PLC is driven to become the most trusted and forward-thinking finance company in the country. Our vision is to build a legacy of bold growth, customer-first solutions, a workplace that inspires, cutting-edge digital innovation, and a deep-rooted commitment to Environmental, Social, and Governance (ESG) values. Our strategic framework, much like the layered heartwood of sandalwood, is built on five enduring pillars:



These strategic pillars guide our initiatives across three key time horizons, enabling us to create long-term value for shareholders, customers, employees, and the communities we serve. Aligned with the nature of the sandalwood tree known for enriching and stabilising its environment our actions are designed to positively influence our ecosystem and drive sustainable growth. In the financial year 2024/25, we strengthened our market position through portfolio expansion, deeper customer engagement, employee empowerment, digital innovation, and a continued commitment to sustainability.

### Time Horizons

Singer Finance employs a structured strategic planning approach, segmented into three time horizons, each designed

to cultivate specific organizational objectives, akin to the careful nurturing of a sandalwood tree from sapling to maturity:

#### Short-Term (1 Year)

We prioritize immediate portfolio growth, operational efficiency, and customer engagement, laying the foundation for digital transformation and sustainability. Our efforts focus on expanding our branch network, enhancing service delivery, and initiating key digital and ESG projects, adapting to market dynamics with the agility of a young sandalwood sapling.

#### Medium-Term (2–5 Years)

Our focus shifts to sustained growth in receivables, deepening customer-

centric initiatives, and scaling digital infrastructure. We aim to further expand our branch network, strengthen employee development programs, and embed ESG principles into core operations, ensuring competitiveness as the sandalwood tree grows stronger.

#### Long-Term (5+ Years)

We aspire to achieve market leadership by establishing a robust branch network, leveraging advanced digital ecosystems, fostering a high-performing workforce, and achieving net-zero carbon emissions. This vision positions Singer Finance as a pioneer in sustainable finance, delivering enduring value to all stakeholders, much like a mature sandalwood tree offering timeless benefits.

This framework ensures we balance short-term agility with long-term aspirations,

enabling us to navigate economic challenges while building a resilient and innovative organization, rooted in the enduring qualities of sandalwood.

## STRATEGIC PILLARS

### Strategic Pillar 1:

#### ABOVE INDUSTRY GROWTH AND PROFITABILITY

##### Value Creation Activities in 2024/25

Like the steady growth of a sandalwood tree, Singer Finance cultivated robust portfolio expansion by increasing lending volumes for leasing, other loan products, and gold loans. We strategically expanded our branch network, planting new locations in regions with high market potential, identified through comprehensive market demand and competition analyses. To enhance operational efficiency, we invested in process automation, upgrading core banking systems to streamline loan approvals and customer account management, much like refining sandalwood's essence for maximum value. Comprehensive training programs empowered both marketing and non-marketing staff to drive business generation, with non-marketing teams playing a pivotal role in expanding our portfolio. We diversified our loan offerings, introducing tailored products to capture new market segments, such as small and medium enterprises (SMEs) and retail customers. These efforts were complemented by optimizing cost structures and improving interest margins through prudent lending strategies and risk management practices, ensuring sustainable growth.

#### Key Performance Indicators (KPIs)

- ◆ **Portfolio Expansion:** Measure the growth in leasing, other loan portfolios, and gold loans relative to industry benchmarks, ensuring above-average performance.
- ◆ **Profitability Metrics:** Track improvements in profit before tax, profit after tax and net

Interest margins, reflecting efficient cost management and revenue generation.

- ◆ **Branch Performance:** Assess the efficiency of branch operations through metrics like receivable growth per branch and transaction volumes, ensuring optimal resource utilization.
- ◆ **Asset Quality:** Monitor reductions in non-performing loans through enhanced credit evaluation and recovery processes, maintaining a healthy portfolio.
- ◆ **Market Share Growth:** Evaluate our competitive position by tracking market share relative to peers in the finance sector.

#### Progress in 2024/25

- ◆ **Branch Network Expansion:** We successfully opened four new branches in strategically selected locations, focusing on regions with strong demand for financial services, supported by detailed market research to align with customer needs and economic trends.
- ◆ **Portfolio Growth:** Our leasing and other loan portfolios flourished 71% growth, driven by targeted marketing campaigns and innovative loan products tailored to diverse customer segments. The gold loan portfolio also thrived, leveraging competitive pricing and streamlined processes.
- ◆ **Operational Efficiency:** Process automation and system upgrades reduced loan approval times, enhancing customer experience and operational throughput.
- ◆ **Non-Marketing Contributions:** Non-marketing staff, including administrative and support teams, played a key role in business generation through cross-selling and customer referrals, significantly boosting portfolio growth.

#### ◆ **Asset Quality Improvement:**

Enhanced credit evaluation, supported by digital tools, and optimized recovery processes led to a notable reduction in non-performing loans, strengthening our financial health.

#### Challenges in 2024/25

- ◆ **Economic Volatility:** Fluctuating interest rates and economic uncertainties required careful timing and location selection for branch expansion, necessitating adaptive strategies to mitigate risks.
- ◆ **Resource Allocation:** Balancing investments between new branch openings, existing branch optimization, and portfolio diversification demanded meticulous financial planning to ensure sustainable growth.
- ◆ **Competitive Pressures:** Intense competition from other finance companies required innovative product offerings and aggressive marketing to maintain and grow market share.
- ◆ **Operational Scaling:** Rapid portfolio growth put pressure on existing systems, necessitating substantial investments in technology and staffing to sustain efficiency.

#### Resources Allocated

- ◆ **Branch Infrastructure Development:** Substantial funds were allocated to establish new branches and renovate existing ones, creating modern, customer-friendly environments that enhance service delivery and operational efficiency.
- ◆ **Technology Investments:** Significant resources were allocated to upgrade core banking systems, implement process automation tools, and enhance data analytics capabilities to drive lending growth and improve task management.

## OUR STRATEGY

- ◆ **Staff Development Programs:** Comprehensive training initiatives equipped marketing and non-marketing staff with skills in business generation, customer service, and risk assessment, ensuring alignment with growth objectives.
- ◆ **Market Research and Analytics:** Investments in data-driven tools and market analysis supported strategic decision-making for branch expansion and product development.

### Material Topics:



### SDGs:



### Impacted Stakeholders:



### Focus for 2025/26

Like a sandalwood tree maturing into a valuable resource, Singer Finance will solidify its position as a market leader by driving exceptional portfolio expansion and profitability, outpacing industry benchmarks with resilience and foresight. The focus will be on scaling operations, diversifying offerings, and optimizing efficiency to deliver sustainable value to shareholders. Key priorities include:

- ◆ **Strategic Branch Network Expansion:** Expand the branch network into high-potential urban and semi-urban regions, leveraging advanced market analytics and customer demand insights to select locations that maximize growth opportunities. New branches will be designed as modern, customer-centric hubs, equipped with cutting-edge technology to enhance service delivery and operational efficiency, ensuring seamless integration into the company's growth ecosystem.
- ◆ **Innovative Product Diversification:** Introduce a range of tailored financial products, such as green financing for renewable energy projects, micro-loans for underserved segments like women entrepreneurs, and flexible leasing options for SMEs. These products will be supported by dynamic pricing models and streamlined digital onboarding processes, capturing diverse market segments and strengthening competitive positioning.
- ◆ **Operational Excellence through Automation:** Accelerate the adoption of next-generation automation technologies, including AI-driven credit scoring and robotic process automation (RPA) for back-office functions, to streamline loan approvals and customer account management. Upgrades to core banking systems will enhance scalability, reduce processing times, and improve cost efficiency, delivering responsive service.
- ◆ **Empowering Non-Marketing Staff:** Deepen the engagement of non-marketing staff in business generation by expanding incentive programs with gamified performance metrics and cross-departmental collaboration platforms. Training initiatives will equip administrative and support teams with skills in cross-selling and customer referrals, fostering a culture of collective responsibility that drives portfolio growth.
- ◆ **Robust Risk Management:** Strengthen risk management practices through predictive analytics, real-time portfolio monitoring, and enhanced recovery processes. Strategic partnerships with fintech companies will improve credit evaluation accuracy, ensuring a resilient portfolio capable of withstanding economic volatility.
- ◆ **Profitability Optimization:** Focus on prudent lending strategies and cost optimization to enhance interest margins and profitability. Investments in data-driven decision-making tools will support dynamic pricing and risk-adjusted returns, ensuring sustainable financial performance and long-term value creation.

These initiatives will position Singer Finance to consistently outperform industry growth rates, capturing new market opportunities and reinforcing its leadership in Sri Lanka's Non-Banking finance sector.

### Strategic Pillar 2:

## UNPARALLELED CUSTOMER CENTRICITY

### Value Creation Activities in 2024/25

Like the soothing fragrance of sandalwood that calms and captivates, Singer Finance reinforced its commitment to customer centricity through a multifaceted approach to brand building and service excellence. We launched high-impact thematic campaigns on television, timed strategically during key events like elections and major sporting seasons, to create lasting brand impressions. Our social media strategy, particularly on TikTok, positioned us as a category leader, with engaging content driving significant follower growth. Field activations, such as car sale promotions and community events, enhanced brand visibility and customer engagement. Internally, the "Make People Feel Great" (MPFG) workshop series cultivated a service-oriented culture, nearing completion across all branches. QR-based feedback portals were rolled out to capture real-time customer insights, enabling swift resolution of complaints. The "Coffee with CEO" initiative and the 20th anniversary celebration, centered on customer service excellence, enhanced relationships with customers and business clients, fostering trust like the lasting fragrance of Sandalwood.

### Key Performance Indicators (KPIs)

- ◆ **Brand Awareness:** Assess the effectiveness of media campaigns in enhancing brand recall and positioning Singer Finance as a customer-centric leader.
- ◆ **Customer Satisfaction:** Measure satisfaction levels through feedback surveys, focusing on service quality and complaint resolution efficiency.
- ◆ **Complaint Resolution Efficiency:** Track the speed and effectiveness of resolving customer complaints, aiming for industry-leading standards.

- ◆ **Social Media Engagement:** Monitor follower growth, content interaction rates, and campaign reach across platforms to gauge digital brand presence.
- ◆ **Event Impact:** Evaluate the success of field activations and milestone events in driving customer inquiries and brand loyalty.

### Progress in 2024/25

- ◆ **Thematic Media Campaigns:** We executed impactful television and radio campaigns, leveraging high-visibility periods to reinforce our brand as a trusted, customer-focused finance provider, amplified through digital channels.
- ◆ **Social Media Leadership:** Our TikTok strategy delivered substantial growth, with creative content resonating with younger audiences, while “always-on” campaigns maintained consistent engagement across platforms.
- ◆ **Field Activations:** Over 30 field activations, including car sale promotions, increased customer inquiries and strengthened community ties, supported by a dedicated events team and structured event calendar.
- ◆ **Service Culture Development:** The Make People Feel Great workshop series, nearing completion, trained staff to prioritize customer satisfaction, fostering a culture of empathy and excellence. The “Coffee with CEO” sessions enhanced direct engagement with customers and staff.
- ◆ **Feedback Systems:** QR-based feedback portals, implemented in most branches, enabled real-time customer feedback, leading to swift complaint resolution and improved service delivery. The Customer Support Center set benchmarks for efficiency.
- ◆ **Milestone Celebrations:** The 20th anniversary celebration, themed around customer service, engaged thousands of customers and business clients, reinforcing our commitment to unparalleled service.

### Challenges in 2024/25

- ◆ **Media Landscape Competition:** Differentiating our brand in a crowded media environment required innovative, high-impact campaign strategies to capture audience attention.
- ◆ **Customer Adoption of Digital Tools:** Encouraging customers to use QR-based feedback portals and digital services necessitated ongoing education and promotional efforts.
- ◆ **Resource Balancing:** Allocating marketing budgets across traditional, digital, and field activation channels while supporting other priorities posed financial challenges.
- ◆ **Cultural Alignment:** Ensuring all employees consistently embodied the service culture required continuous training and reinforcement across diverse teams.

### Resources Allocated

- ◆ **Marketing and Branding:** Significant investments supported high-impact media campaigns across television, radio, and digital platforms, enhancing brand visibility and engagement.
- ◆ **Event Management:** Resources established a dedicated events team, hosted field activations, and organized milestone celebrations, strengthening community connections.
- ◆ **Customer Feedback Infrastructure:** Funds supported QR-based feedback portals and enhanced the Customer Support Center’s capabilities.

- ◆ **Staff Training for Service Excellence:** Investments in MPFG workshops and service-focused training ensured employees delivered exceptional customer experiences.

### Focus for 2025/26



Like the soothing fragrance of sandalwood that fosters trust and tranquillity, Singer Finance will elevate its reputation as Sri Lanka’s most customer-centric finance company, fostering top-of-mind brand awareness and delivering exceptional service experiences. The focus will be on innovative engagement strategies, personalized services, and a deeply embedded service culture. Key priorities include:

- ◆ **Omni-Channel Brand Leadership:** Launch integrated, AI-personalized marketing campaigns across traditional and digital channels, including television, radio, and platforms like TikTok and Instagram. Campaigns will leverage high-visibility periods, such as festive seasons and major events, to create lasting brand impressions, positioning Singer Finance as the go-to provider for customer-focused financial solutions.
- ◆ **Seamless Customer Feedback Systems:** Fully implement QR-based feedback portals across all branches, integrated with a centralized CRM system for real-time insights and personalized responses. AI-driven sentiment analysis will enable swift resolution of customer concerns, setting industry-leading standards for complaint resolution and satisfaction.

### Material Topics:

2 8 12 17

### SDGs:



### Impacted Stakeholders:



## OUR STRATEGY

- ◆ **Social Media Leadership:** Amplify digital engagement through creative, interactive content, including gamified financial literacy challenges and user-generated campaigns, targeting younger demographics. A consistent “always-on” presence will reinforce brand visibility and drive acquisitions, solidifying category leadership on platforms like TikTok.
- ◆ **Expanded Field Activations:** Scale community engagement through frequent field activations, such as car sale promotions, SME financial clinics, and local festivals. Strategic partnerships with local businesses and organizations will enhance brand visibility, foster trust, and drive loyalty, spreading goodwill.
- ◆ **Deepening Service Culture:** Institutionalize the “Make People Feel Great” (MPFG) ethos through advanced training, regular communications highlighting service success stories, and recognition programs for top-performing teams. The “Coffee with CEO” initiative will expand to more branches, fostering direct engagement and reinforcing a culture of empathy and excellence.
- ◆ **Personalized Customer Journeys:** Leverage AI-powered segmentation and predictive analytics to offer tailored financial solutions, such as customized repayment plans and cross-selling opportunities. Enhanced digital touchpoints, including mobile apps, will provide seamless access, strengthening retention and satisfaction.

These efforts will ensure Singer Finance remains the preferred choice for customers, delivering unparalleled experiences and building enduring brand loyalty, as lasting as sandalwood’s fragrance.

### Strategic Pillar 3:

#### A PLACE WHERE PEOPLE LOVE TO COME AND CONTRIBUTE

##### Value Creation Activities in 2024/25

Like a sandalwood grove nurturing its ecosystem, Singer Finance cultivated an agile, inclusive, and performance-driven workplace to attract and retain top talent. The LEAD Development Program trained branch managers in leadership, decision-making, and operational excellence, while the Trainee Development Program (TDP) onboarded new hires with skills in financial analysis, risk management, and customer service. The Singer Finance Digital Academy provided a robust platform for continuous learning, offering courses tailored to diverse roles. The “Employee of the Month” program and performance-based incentives boosted engagement, while HR audits ensured compliance with health, safety, and diversity standards. Talent acquisition was enhanced through career fairs and social media campaigns, with a structured onboarding program improving retention. Diversity, equity, and inclusion (DEI) initiatives and pulse surveys fostered a “Great Place to Work” culture, nurturing employees as sandalwood nurtures its surroundings.

#### Key Performance Indicators (KPIs)

- ◆ **Employee Engagement:** Gauge satisfaction and engagement levels through regular pulse surveys, aiming for high morale and participation.
- ◆ **Training Effectiveness:** Measure participation and completion rates in leadership and trainee programs to ensure skill enhancement.
- ◆ **Retention Success:** Track employee retention rates to assess the impact of career growth and well-being initiatives.
- ◆ **Performance Management:** Evaluate the adoption and effectiveness of automated performance systems for non-executive staff.

#### Talent Acquisition Efficiency:

Monitor the success of recruitment channels, such as career fairs and social media, in attracting high-quality candidates.

### Progress in 2024/25

- ◆ **Leadership and Trainee Development:** The LEAD program equipped branch managers with advanced leadership skills, while the TDP trained new hires in core competencies, ensuring a strong talent pipeline with high participation rates.
- ◆ **Digital Learning Platform:** The Singer Finance Digital Academy facilitated continuous learning, with employees completing courses in financial analysis, customer service, and technology, enhancing operational capabilities.
- ◆ **Employee Recognition:** The “Employee of the Month” program, integrated with performance-based incentives, motivated staff and increased engagement, with regular recognition events celebrating contributions.
- ◆ **HR Compliance and Well-Being:** Comprehensive HR audits improved compliance with health, safety, and DEI standards, creating a safer, inclusive workplace. Pulse surveys provided actionable insights into employee needs.
- ◆ **Talent Acquisition and Onboarding:** Career fairs and social media campaigns attracted high-quality candidates, with a structured onboarding program improving early-stage retention and productivity.

### Challenges in 2024/25

- ◆ **Resource Allocation:** Balancing investments in employee development with other strategic priorities, such as digitalization, required careful planning.
- ◆ **Talent Retention:** External economic factors, including migration trends, posed challenges to retaining skilled employees, necessitating enhanced retention strategies.

- ◆ **Program Customization:** Tailoring training programs to diverse roles demanded significant planning and resources to ensure relevance.
- ◆ **Technology Adoption:** Ensuring employee proficiency in the Digital Academy required ongoing technical support and training.

### Resources Allocated

- ◆ **Training and Development:** Significant funds were allocated to support the LEAD and TDP programs, the Digital Academy, and

expert trainers to deliver high-quality learning experiences.

- ◆ **Recognition Programs:** Resources were allocated to support the “Employee of the Month” program, service awards, and other recognition initiatives aimed at enhancing employee morale.
- ◆ **Talent Acquisition:** Investments in career fairs, social media campaigns, and onboarding programs enhanced talent attraction and retention.
- ◆ **Employee Well-Being:** Funds were allocated to support health, safety, and DEI initiatives, including pulse surveys and workplace improvements.

#### Material Topics:

13 15 18

#### SDGs:



#### Impacted Stakeholders:



### Focus for 2025/26

Like a sandalwood grove fostering a thriving ecosystem, Singer Finance will transform into a dynamic, inclusive, and performance-driven workplace, positioning itself as an employer of choice in the finance sector. The focus will be on fostering agility, continuous learning, and employee well-being to attract and retain top talent. Key priorities include:

- ◆ **Comprehensive Learning Ecosystem:** Expand the LEAD and Trainee Development Programs to include cross-functional training in digital banking, ESG principles, and leadership agility, tailored to diverse roles. The Singer Finance Digital Academy will introduce advanced modules on AI, data analytics, and customer service, ensuring employees are equipped for evolving industry demands.
- ◆ **Automated Performance Management:** Fully implement an AI-driven performance management system for non-executive staff, integrating real-time feedback, goal tracking, and predictive analytics to streamline evaluations and enhance engagement. Recognition programs, such as “Employee of the Month” and service awards, will celebrate contributions, fostering motivation.
- ◆ **Retention and Career Advancement:** Strengthen retention through a tiered career progression framework, offering clear advancement paths, mentorship programs, and competitive benefits. A revamped onboarding program with immersive digital training will accelerate productivity and foster commitment.
- ◆ **Inclusive Workplace Culture:** Deepen DEI through initiatives like women’s leadership programs, accessibility improvements, and regular pulse surveys to address employee needs. These efforts will reinforce a “Great Place to Work” culture, aiming for industry recognition as a top employer.
- ◆ **Talent Pipeline Optimization:** Scale recruitment through digital-first channels, including virtual career fairs and targeted social media campaigns, to attract diverse, high-potential candidates. Reward mechanisms via the Learning Management System will recognize top performers, enhancing talent acquisition efficiency.
- ◆ **Employee Well-Being:** Launch comprehensive wellness programs, including mental health support, flexible work arrangements, and fitness initiatives, to enhance morale and reduce stress. Regular engagement activities will foster a sense of community, nurturing employees.

These initiatives will create a vibrant, inclusive workplace, empowering employees to contribute to Singer Finance’s success while driving personal and professional growth, as enduring as a sandalwood grove.

### Strategic Pillar 4:

#### IT AND DIGITAL TRANSFORMATION

Like the refined essence of sandalwood, distilled to perfection, Singer Finance accelerated its digital transformation by integrating advanced technologies into core operations. We completed integration with the Credit Information Bureau (CRIB), enhancing credit evaluation accuracy and efficiency. A new corporate website, launched with user-friendly features, increased online customer engagement. The e-wallet, nearing completion, underwent rigorous audits and regulatory approvals, preparing for a seamless launch. The Loan Originating System (LOS) streamlined lease processing, reducing turnaround times. Infrastructure upgrades, including ISP redundancy, core banking server enhancements, and a successful migration from existing to advanced servers, ensured operational reliability and improved system performance. Cybersecurity measures, such as disk encryption and Data Loss Prevention (DLP) systems, strengthened data security, while staff training facilitated widespread adoption of digital tools, refining operations with sandalwood’s precision.

#### Key Performance Indicators (KPIs)

- ◆ **Digital Tool Adoption:** Assess staff and customer adoption of new digital tools, ensuring seamless integration into operations.
- ◆ **Operational Efficiency:** Measure reductions in processing times for loans and recoveries, reflecting the impact of digital solutions.
- ◆ **Cybersecurity Compliance:** Track progress of encryption and data protection initiatives to ensure robust security standards.
- ◆ **Customer Engagement:** Evaluate increases in online inquiries and transactions through digital platforms, such as the website and e-wallet.

## OUR STRATEGY

- ◆ **System Reliability:** Monitor the effectiveness of infrastructure upgrades in maintaining uninterrupted connectivity and performance.

### Progress in 2024/25

- ◆ **CRIB Integration:** Full integration with CRIB enabled faster, more accurate credit assessments, improving risk management and onboarding.
- ◆ **Corporate Website Launch:** The new website, with enhanced interfaces, significantly increased online inquiries, providing easier access to services.
- ◆ **E-Wallet Development:** The e-wallet project advanced through audits, CBSL approvals, and user acceptance testing, setting the stage for a customer-friendly launch in early 2025.
- ◆ **Loan Originating System:** The LOS shall streamline lease processing, reducing approval times and enhancing branch efficiency.
- ◆ **Infrastructure Upgrades:** ISP redundancy with third party, core banking server enhancements, and a successful migration from existing to advanced servers ensured reliable connectivity and improved system performance, while Zoho and IceWarp email migration enhanced communication efficiency.
- ◆ **Cybersecurity Advancements:** Partial completion of disk encryption and ongoing DLP and Privilege Account Management (PAM) deployments strengthened data security.

### Challenges in 2024/25

- ◆ **Implementation Complexity:** Coordinating cross-departmental digital transitions, including the migration from existing to advanced servers, required extensive collaboration, testing, and change management to ensure seamless execution.

### Staff and Customer Adoption:

Overcoming resistance to new digital tools necessitated comprehensive training for staff and customer education campaigns to drive adoption.

### Technical Challenges:

Compatibility issues during system integrations and the server migration process were addressed through proactive technical support and rigorous testing to maintain operational stability.

- ◆ **Regulatory Compliance:** Meeting stringent regulatory requirements for the e-wallet and other digital initiatives required significant documentation and audits to ensure compliance.

### Resources Allocated

- ◆ **Digital Infrastructure:** Substantial investments supported core banking upgrades, ISP redundancy, the migration from existing to advanced servers, and new digital tools and software to enhance operational reliability and performance.
- ◆ **Staff Training:** Funds supported comprehensive training programs to ensure employee proficiency in digital tools and processes, facilitating smooth adoption across the organization.
- ◆ **Customer Education:** Resources backed campaigns to educate customers about digital services, such as the e-wallet and online platforms, to boost engagement and usage.
- ◆ **Cybersecurity Enhancements:** Investments in disk encryption, Data Loss Prevention (DLP), and Privilege Account Management (PAM) systems ensured robust data protection and regulatory compliance.

### Material Topics:

2 3 5 11 12 16

### SDGs:



### Impacted Stakeholders:



### Focus for 2025/26

Like the refined essence of sandalwood, distilled to deliver precision and value, Singer Finance will lead as a digital finance company, offering seamless, secure, and innovative services through advanced technology. The focus will be on scaling digital solutions, enhancing infrastructure, and strengthening cybersecurity to meet customer and operational needs. Key priorities include:



- ◆ **E-Wallet Launch and Adoption:** Launch the e-wallet, promoting widespread customer adoption through targeted marketing campaigns and user-friendly features like instant payments and loyalty rewards. Strategic partnerships with fintech firms will enhance functionality, driving seamless digital transactions.
- ◆ **Expanded Digital Operations:** Extend digital tools to customer onboarding, account management, and loan repayments, integrating AI-driven chatbots and mobile app enhancements. These solutions will streamline processes, reduce manual interventions, and empower customers with self-service options, enhancing efficiency.
- ◆ **Cybersecurity Fortification:** Complete deployment of disk encryption, DLP, and PAM systems, ensuring robust data security. Regular penetration testing, employee cybersecurity training will establish industry-leading standards for protection and compliance.
- ◆ **Infrastructure Modernization:** Finalize migrations of core switches, firewalls, and cloud-based servers to ensure uninterrupted connectivity and resilience.

Investments in high-speed, 5G-enabled infrastructure will support real-time data processing, enabling seamless branch operations.

- ◆ **Customer-Centric Digital Platforms:** Enhance the corporate website with personalized dashboards, real-time loan tracking, and intuitive interfaces to improve online engagement. Mobile app upgrades will introduce biometric authentication and predictive financial planning tools, offering convenience.
- ◆ **Data-Driven Decision Making:** Deploy advanced analytics platforms to leverage customer and operational data, enabling predictive insights for product development, risk management, and personalization. These tools will enhance decision-making accuracy.

These efforts will position Singer Finance as a leader in digital innovation, delivering efficient, secure, and customer-focused services, as refined as sandalwood's essence.

## Strategic Pillar 5:

### ESG & SUSTAINABILITY

#### Value Creation Activities in 2024/25

Similar to sandalwood, which is sustainably cultivated to benefit both the environment and the community, Singer Finance advanced its commitment to ESG principles by embedding responsible practices into core operations. In 2024/25, we launched initiatives to align with global and local sustainability standards, focusing on reducing environmental impact, fostering community development, and strengthening governance. Key activities included:

- ◆ **Green Financing Products:** Introduced loans for solar energy and sustainable agriculture, targeting retail and SME customers to support eco-friendly projects.
- ◆ **Energy Efficiency:** Implemented LED lighting and optimized air conditioning across branches to reduce energy consumption and carbon footprint.
- ◆ **Community Engagement:** Conducted financial literacy workshops and supported local schools to enhance community welfare and financial inclusion.
- ◆ **Governance Frameworks:** Strengthened compliance through ESG audits and transparent reporting aligned with Global Reporting Initiative (GRI) standards.
- ◆ **Partnerships:** Collaborated with NGOs and government bodies on reforestation and waste reduction initiatives, reinforcing sustainability.

#### Key Performance Indicators (KPIs)

- ◆ **Environmental Impact Reduction:** Measure reductions in energy consumption and carbon emissions, targeting year-on-year decreases.
- ◆ **Green Financing Growth:** Track the volume and uptake of green loan products, aiming to increase their portfolio share.
- ◆ **Community Engagement:** Evaluate the reach and impact of financial literacy programs and community initiatives through participant feedback.
- ◆ **Governance Compliance:** Assess adherence to ESG standards through audit completion rates and compliance with GRI and local regulations.
- ◆ **Stakeholder Perception:** Monitor stakeholder feedback on ESG initiatives via surveys and media sentiment analysis to gauge brand reputation.

## Progress in 2024/25

- ◆ **Green Financing Initiatives:** Launched green loan products for solar energy and sustainable SMEs, achieving significant uptake with competitive rates.
- ◆ **Energy Efficiency:** Rolled out energy-saving measures in most branches, reducing consumption and costs through LED lighting and intelligent systems.
- ◆ **Governance Enhancements:** Achieved full compliance with local ESG regulations and partial GRI alignment, with transparent reporting in the annual report.
- ◆ **Partnerships for Sustainability:** Collaborated with local agencies on reforestation and waste reduction, aligning with national sustainability goals.



## OUR STRATEGY

### Challenges in 2024/25

- ◆ **Cost of Implementation:**  
Balancing costs of green initiatives and energy-efficient infrastructure with other priorities required careful planning.
- ◆ **Customer Awareness:** Promoting green loans necessitated extensive customer education to drive adoption in a competitive market.
- ◆ **Regulatory Complexity:**  
Meeting evolving ESG regulations demanded significant resources for compliance and documentation.
- ◆ **Scalability of Community Programs:** Expanding initiatives to remote regions posed logistical challenges, requiring enhanced coordination.

### Resources Allocated

- ◆ **Green Financing Development:**  
Funds were allocated for the design and promotion of green loan products, which included market research and product development.
- ◆ **Energy Efficiency Investments:**  
Financial support is available for the installation of energy-efficient technologies, including LED lighting systems and energy audits.
- ◆ **Community Engagement:**  
Investments were allocated for financial literacy workshops, school programs, and partnerships.
- ◆ **Governance and Compliance:** ESG audits, staff training, and transparent reporting systems aligned with GRI standards.
- ◆ **Partnership Initiatives:** Resources supported collaborations with NGOs and government bodies for environmental and community projects.

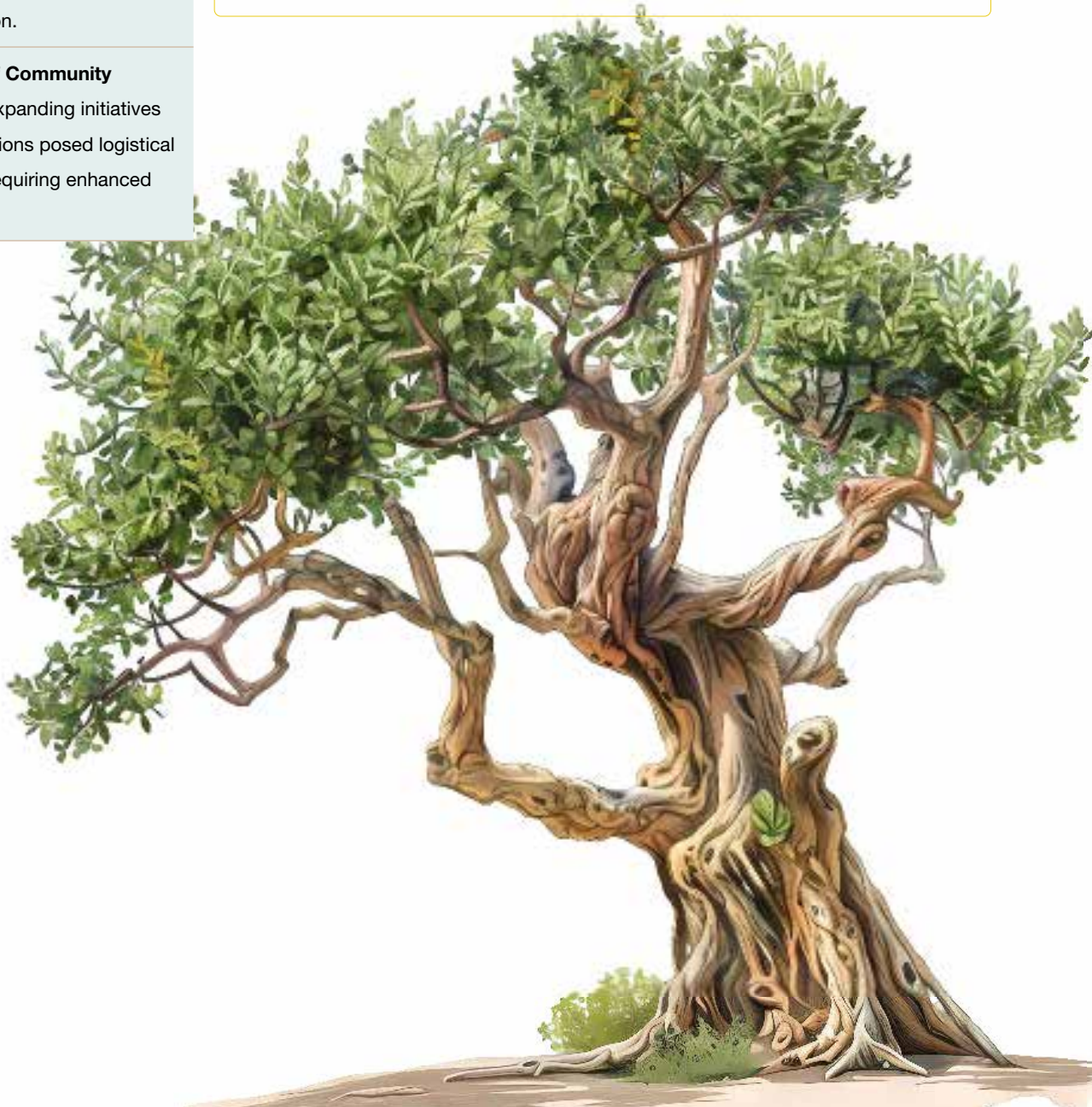
#### Material Topics:

1 2 4 6 8 22 23 25

#### SDGs:



#### Impacted Stakeholders:



### Focus for 2025/26



Like sandalwood, sustainably cultivated to enrich both environment and community, Singer Finance will pioneer sustainable finance in Sri Lanka, embedding ESG principles into its core operations and aligning with global sustainability goals. The focus will be on scaling green financing, reducing environmental impact, and expanding community impact. Key priorities include:

- ◆ **Green Financing Leadership:** Expand the GreenFin Solar Loan Scheme and introduce new products, such as loans for electric vehicles and sustainable agriculture, to promote eco-friendly initiatives. Strategic partnerships with renewable energy providers and targeted marketing campaigns will drive adoption among retail and SME customers, positioning Singer Finance as a leader in green finance.
- ◆ **Carbon Footprint Reduction:** Achieve full adoption of energy-efficient practices across all branches, including solar energy integration, LED lighting, and smart energy management systems. Programs like “Tree For Every Tuk Tuk” and “Ocean Heal” will expand, alongside carbon offset initiatives like reforestation, advancing progress toward net-zero emissions.
- ◆ **CSR and Community Impact:** Scale financial literacy programs to reach underserved communities through in-person and digital workshops, empowering individuals and SMEs with financial management skills. Partnerships with schools and local organizations will enhance educational and economic outcomes, creating meaningful social impact.
- ◆ **Governance Excellence:** Launch the Singer Finance ESG Handbook to formalize sustainability commitments and achieve full GRI alignment. Third-party verified ESG reports will enhance transparency, while a dedicated ESG taskforce will ensure compliance with local and international regulations, fostering stakeholder trust.
- ◆ **Strategic Sustainability Partnerships:** Deepen collaborations with NGOs, government bodies, and international organizations to support large-scale sustainability projects, such as community solar grids, waste recycling, and environmental conservation. These partnerships will amplify measurable environmental and social outcomes.
- ◆ **Stakeholder Engagement in ESG:** Launch internal campaigns to engage employees in sustainability practices, such as waste reduction challenges and energy-saving initiatives. Customer education programs will promote green financing benefits, fostering participation across stakeholders.

These initiatives will establish Singer Finance as a trailblazer in sustainable finance, delivering long-term value to stakeholders while contributing to Sri Lanka’s environmental and social development goals, as timeless as sandalwood’s legacy.



# VALUE CREATION MODEL

GRI 2-6

## CAPITAL INPUTS

## VALUE CREATION



Financial Capital

### Financial Capital

Shareholders' funds of **Rs. 1,996 Mn**  
Customer deposits of **Rs. 28.31 Bn**  
Borrowings of **Rs 19,508 Mn**



Manufactured Capital

### Manufactured Capital

Investment of **Rs. 228 Mn** in our Manufactured Capital which includes a network of **56** branches island wide



Human Capital

### Human Capital

Competencies, attitude and experience of our team of **987 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 Strong values and business ethics.



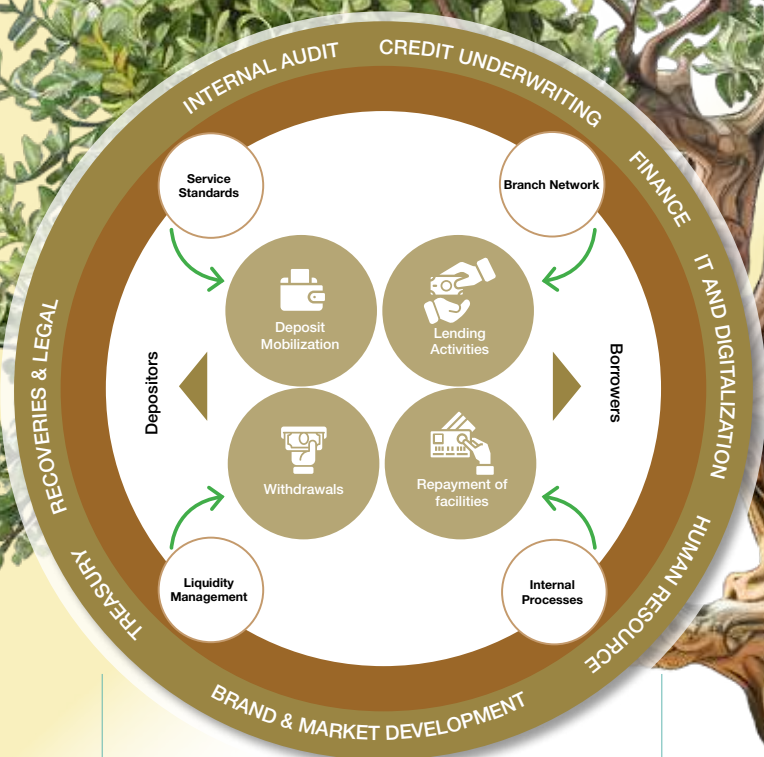
Natural Capital

### Natural Capital

Environmentally friendly business practices that are followed in order to minimize our impact on the environment **4,500 trees** planted, **reduced GHG emissions by 676.06 kg** of carbon equivalent

## 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

Higher focus on Green financing

## OUTCOMES

## OUTPUTS/ IMPACTS



Financial Capital

### Financial Capital

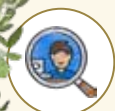
- Strong balance sheet
- Increased equity to **Rs 890 Mn**
- Rs 851.7 Mn** Profit after tax



Manufactured Capital

### Manufactured Capital

- 4 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 **1,983 kg.**



Investors

### Shareholders

- Net asset value per share: **Rs 30.21**
- Earnings per share: **Rs 4.21**



Customers

### Customers

- Rs 62,869 Mn** loans disbursed
- Interest of **Rs 2,877 Mn** paid to depositors
- Convenience in business transactions



Employees

### Employees

- Payments of **1,324 Mn** to employees
- 222** employees promoted during the year
- Career progression and empowerment



Business Partners

### Business Partners

- Long term relationships with **805** 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

GRI 3-1, GRI 3-2

Singer Finance (Lanka) PLC recognises that its long-term value creation is shaped by multiple interrelated factors, including the external operating environment, internal risk management efforts, and strategic business decisions. In line with this understanding, the company conducts a comprehensive annual materiality assessment with the involvement of all business sectors to identify key topics that either impact, or have the potential to impact, value creation.

These material topics are not only central to the company's performance and stakeholder value but also reflect emerging issues within the economy, industry trends, and factors aligned with the Company's strategic agenda and value creation model. As such, they determine the focus areas and structure of the contents of this report.

Material matters are defined as issues that can influence the company's long-term success and have the most significant implications for stakeholders. This section presents a consolidated view of the materiality assessment, categorised under

Economic, Environmental, Social, and Governance (EESG) dimensions. This approach underscores Singer Finance's commitment to sustainable growth, responsible business practices, and transparent stakeholder engagement.

## Materiality Assessment Process

The materiality assessment is carried out through a structured process, where each topic is evaluated and assigned a weight based on the relevance and impact of the respective sector on Singer Finance (Lanka) PLC and its stakeholders. The reporting boundary remains consistent with that of the previous year.

## Double Materiality

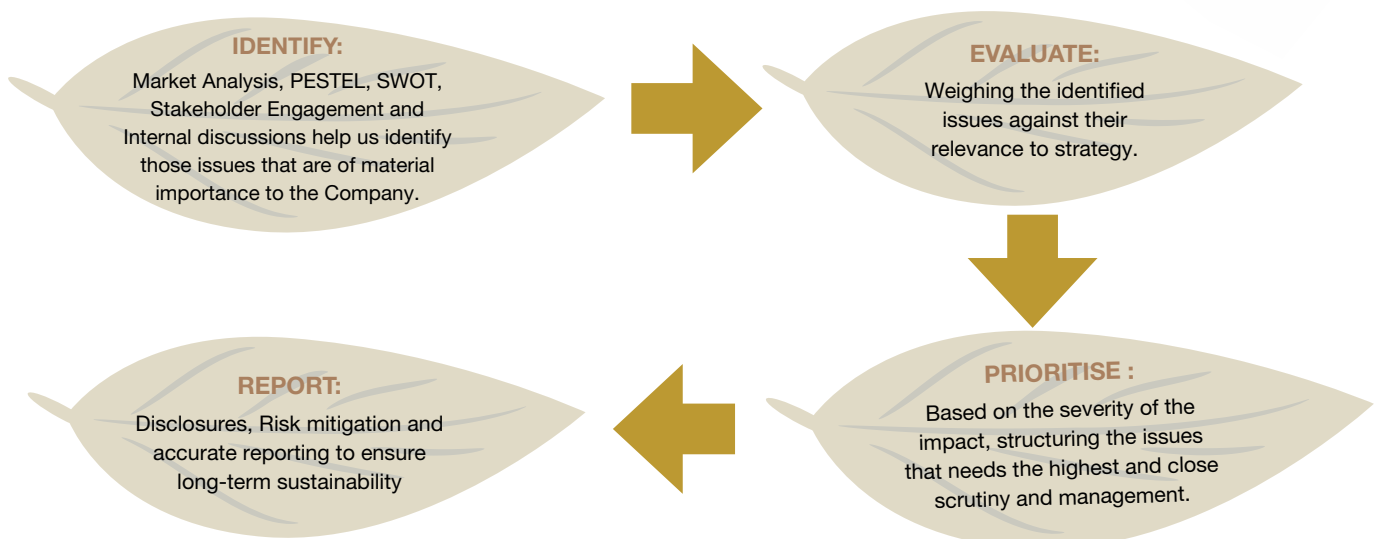
This year, Singer Finance (Lanka) PLC adopted a double materiality perspective in determining its material topics:

### Impact materiality (External):

Impact of the company and its value chain on external stakeholders and the broader ecosystem

### Organisational materiality (Internal):

Impact of external factors on the company's operations, financial performance, and financial position















## Material Topics for 2023/24




















During the year, Singer Finance identified the following material topics. The previous year's topics were expanded to 25 topics to retain relevance, and categorised under 04 topics for further clarity.










### Changes to Materiality

- ◆ The material topics reported in the preceding year were expanded to 25 topics, in order to remain aligned with changing dynamics.
- ◆ 7 new topics were added, while 9 topics were modified or reframed to maintain relevance to stakeholders and operations.
- ◆ All topics were mapped against Economic, Environmental, Social, and Governance categories to provide an improved understanding of their impacts.













	Material Topic	Reason for Materiality	Category	GRI Indicator	Change	Organisational Materiality		Impact Materiality		Overall Materiality	SDGs
1	Regulations and Compliance	Ensures adherence to laws and standards, reinforcing stakeholder trust and operational integrity.	●		▬	Critical to risk mitigation and regulatory alignment;	●	Vital for maintaining stakeholder trust and societal license to operate.	●	●	
2	Economic Performance	Directly impacts profitability, financial resilience, and investor confidence.	●		▬	Core to business sustainability and shareholder value;	●	Drives economic stability and stakeholder confidence.	●	●	 
3	Technology and Product Innovations	Enables competitive advantage through innovation and enhanced customer experience.	●	GRI 203	↗	Strategic for competitive-ness and efficiency;	●	Boosts customer satisfaction and promotes financial inclusion.	●	●	 
4	Macro-Economic and Indirect Economic Impacts	Influences strategic planning and long-term adaptability to external economic forces.	●	GRI 203	▬	High relevance for business planning and risk exposure;	●	Impacts com-munities dependent on financial services.	●	●	 
5	Operational Efficiency and Productivity	Drives cost-efficiency, productivity, and sustainable value generation.	●	GRI 201	↗	Drives profitability and scalability;	●	Affects service delivery and pricing competi-tiveness.	●	●	 
6	Government Policy	Shapes regulatory direction and affects compliance obligations and market operations.	●		↗	High influence on compliance costs and strategic direction;	●	Important as a reflection of regulatory transpar-ency.	●	●	 
7	Tax Management and Compliance	Supports fiscal responsibility, compliance, and reputational integrity.	●	GRI 207	↗	Affects bottom-line and reputation;	●	Reflects fiscal responsi-bility to the national economy.	●	●	

## MATERIAL MATTERS

	Material Topic	Reason for Materiality	Category	GRI Indicator	Change	Organisational Materiality	Impact Materiality	Overall Materiality	SDGs
8	<b>Customer Satisfaction and Service Quality</b>	Builds loyalty and trust through consistent, high-quality customer experiences.	●		▬	Highly material for revenue growth and customer retention;	●	●	 
9	<b>Community and Livelihood Development</b>	Promotes inclusive development and strengthens social impact and community engagement.	●	GRI 413	↗	Low-to-moderate business return in the short term;	●	●	  
10	<b>Climate Change Adaptation</b>	Strengthens long-term resilience against climate-related business disruptions.	●	GRI 201 / GRI 302	+	Necessary to protect assets and lending portfolio;	●	●	 
11	<b>Cybersecurity and Data Protection</b>	Protects digital assets and ensures business continuity in an evolving threat landscape.	●	GRI 418	+	Highly material for operational continuity and regulatory risk;	●	●	
12	<b>Customer Privacy</b>	Upholds trust and compliance by securing customer data and privacy rights.	●	GRI 418	▬	Essential to compliance and reputational risk;	●	●	
13	<b>Employee Wellbeing and Mental Health</b>	Enhances morale, retention, and overall workforce effectiveness.	●	GRI 401, GRI 403	▬	Improves productivity, retention, and workplace culture;	●	●	 
14	<b>Fraud, Ethics, and Anti-Corruption</b>	Safeguards ethical standards, mitigates misconduct, and upholds public trust.	●	GRI 205	↗	Critical for governance, controls, and investor confidence;	●	●	
15	<b>Equal Opportunity Employment</b>	Promotes workplace fairness, innovation, and inclusive talent development.	●	GRI 405	▬	Drives team diversity and innovation;	●	●	  
16	<b>Risk Management and Business Continuity</b>	Ensures readiness to withstand and recover from operational and external risks.	●		↗	Safeguards operations, cash flow, and customer trust;	●	●	 
17	<b>Product Responsibility and Quality Assurance</b>	Reinforces customer trust and regulatory compliance through safe, reliable products.	●	GRI 416	▬	Linked to brand value and repeat business;	●	●	 

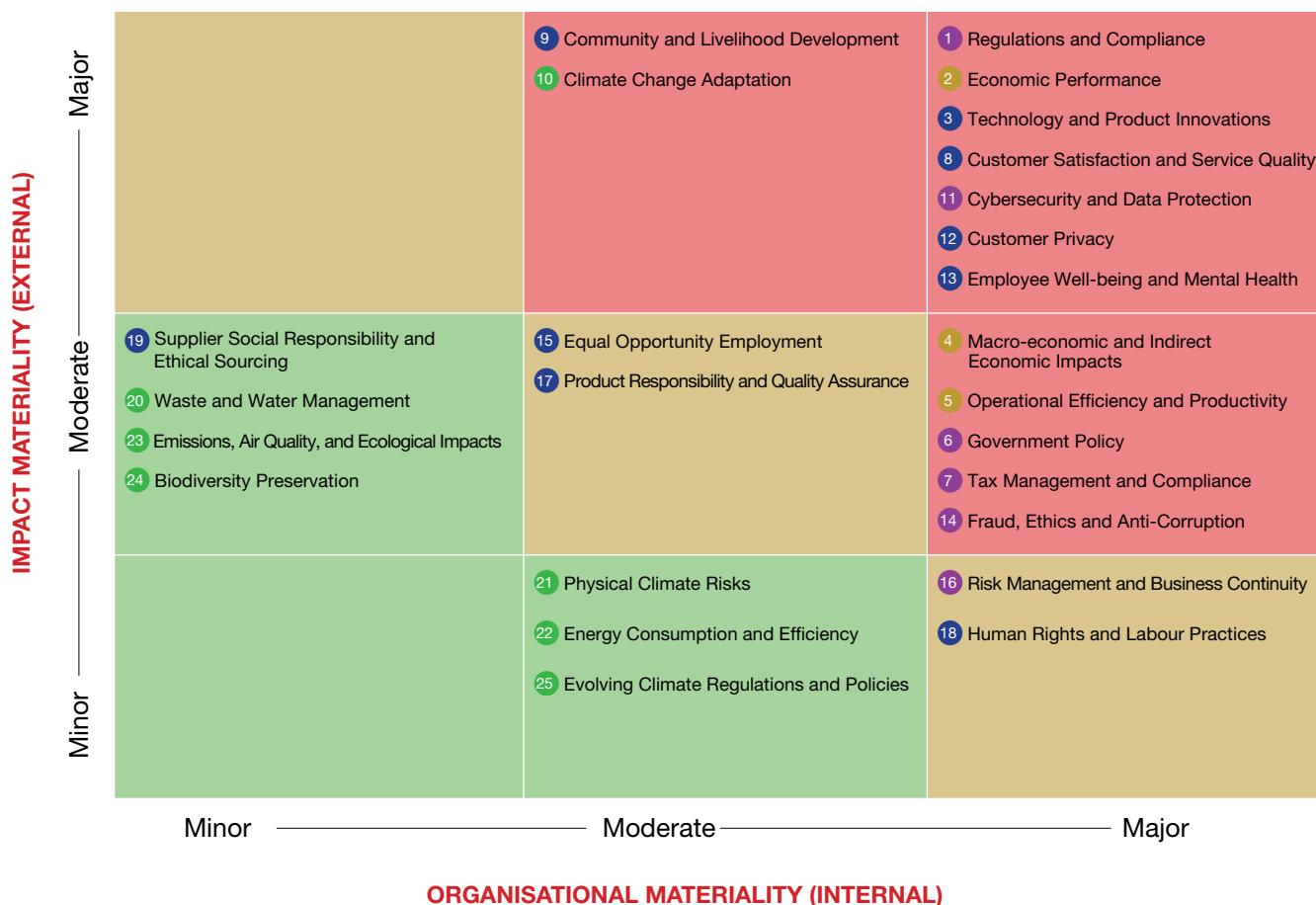
	Material Topic	Reason for Materiality	Category	GRI Indicator	Change	Organisational Materiality	Impact Materiality	Overall Materiality	SDGs
18	<b>Human Rights and Labour Practices</b>	Protects human dignity and aligns operations with global labour standards.	●	GRI 408 / GRI 409	—	Ensures legal compliance and retention;	●	●	 
19	<b>Supplier Social Responsibility and Ethical Sourcing</b>	Encourages ethical conduct and sustainability throughout the supply chain.	●	GRI 204	—	Relevant for ESG compliance and reputational risk;	●	●	 
20	<b>Waste and Water Management</b>	Reduces environmental footprint and promotes efficient use of natural resources.	●		→	Relevant in branch and facility management;	●	●	  
21	<b>Physical Climate Risks</b>	Addresses vulnerabilities to climate variability and safeguards business assets.	●	GRI 201 / GRI 302	→	Key to resilience planning and asset protection;	●	●	 
22	<b>Energy Consumption and Efficiency</b>	Lowens operational costs and advances sustainability goals through energy efficiency.	●	GRI 302	+	Impacts cost and resource use;	●	●	 
23	<b>Emissions, Air Quality, and Ecological Impacts</b>	Minimises environmental impact and ensures regulatory compliance on emissions.	●		+	Linked to regulatory and reputational risks;	●	●	  
24	<b>Biodiversity Preservation</b>	Preserves ecosystems and enhances long-term environmental stewardship.	●		+	Limited direct business impact;	●	●	 
25	<b>Evolving Climate Regulations and Policies</b>	Prepares the business for shifts in regulatory expectations tied to climate change.	●		+	Influences future strategy, compliance costs, and green product design;	●	●	 

## MATERIAL MATTERS

Degree of Impact		Change in Materiality		Focus Area	
	Major (76% and above)		Increased		Economic
	Moderate (66%-75%)		Unchanged		Environment
	Minor (65% and below)		Decreased		Social
			New topic		Governance
			Modified		

### Mapping Material Topics

The matrix below outlines the material matters that Singer Finance considers critical to its long-term value creation. Nevertheless, given the evolving nature of the operating environment, the organisation does not confine its focus solely to these areas. It continuously monitors a broader set of factors that may influence stakeholders and operational outcomes. At all times, Singer Finance remains committed to adapting proactively to emerging developments, ensuring that its strategic decisions remain resilient, informed, and responsive to change.





# STAKEHOLDER ENGAGEMENT

GRI 2-25, GRI 2-29

## ROOTED IN TRUST, FLOURISHING TOGETHER OUR STAKEHOLDER ENGAGEMENT APPROACH

In the verdant forest of our business ecosystem, every stakeholder is like a tree in the Sandalwood grove each one integral to the health and prosperity of the whole. Our stakeholders are the lifeline of Singer Finance, each contributing to our journey and drawing value from it. Just as Sandalwood enriches the environment around it with its fragrance, our interactions with stakeholders are guided by integrity, transparency, and mutual benefit. Stakeholder engagement at Singer Finance is not merely a process; it is a deeply embedded philosophy that drives our sustainable growth.

### Our Stakeholder Engagement Philosophy

At Singer Finance, we believe that meaningful stakeholder engagement is the bedrock of sustainable value creation. We recognize that our growth is interdependent with the well-being of our stakeholders, and our success is defined by the value we deliver to them. Our stakeholder engagement is guided by the following core principles:



#### TRANSPARENCY

Maintaining open, honest, and clear communication with all stakeholders, ensuring that they are well-informed about our activities, performance, and strategic direction.



#### RESPONSIVENESS

Proactively identifying and addressing stakeholder needs, concerns, and expectations through active listening, continuous dialogue, and timely resolution of issues. Maintaining open, honest, and clear communication with all stakeholders, ensuring that they are well-informed about our activities, performance, and strategic direction.



#### SUSTAINABILITY

Fostering long-term, mutually beneficial relationships that enhance economic, social, and environmental value. We aim to create sustainable value not just for our shareholders but for all those who interact with us.



#### INCLUSIVITY

Ensuring that all stakeholders, irrespective of their role or influence, have a voice in shaping our business decisions. Our engagement is not limited to those with direct financial interests but extends to communities, regulators, and future generations.



#### INTEGRITY

Conducting our business with the highest ethical standards, respecting human rights, and upholding social and environmental responsibility.

### Our Comprehensive Stakeholder Engagement Strategy

Our stakeholder engagement is not a one-time exercise but a continuous journey of understanding, dialogue, and action. Our engagement strategy is based on a four-pronged approach, carefully designed to ensure that we deliver value to all stakeholders.

### Stakeholder Identification and Prioritisation

- Identifying stakeholders across all areas of our business
- Categorising them based on their influence, impact, and importance to our business, enabling efficient prioritisation of engagement efforts
- Conducting regular reviews to ensure that our stakeholder mapping remains relevant in the face of market changes, regulatory developments, or emerging social trends.

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- ◆ Obtaining stakeholder feedback via a multi-channel approach spanning face-to-face interactions, written communications, and digital touchpoints to ensure we understand their needs.
- ◆ Engaging beyond listening by actively analysing feedback to identify emerging needs, expectations, and concerns.
- ◆ Deriving stakeholder insights from social media interactions, complaint management systems, and market research.






- ◆ Insights from stakeholder engagement are integrated into our strategic planning process, ensuring that we align our business objectives with stakeholder expectations.
- ◆ Our product development, digital transformation, and sustainability initiatives are directly influenced by stakeholder feedback.

- ◆ We continuously measure the effectiveness of our stakeholder engagement initiatives through predefined KPIs.
- ◆ Our stakeholder engagement outcomes are reported in the annual report, ensuring high degrees of transparency.
- ◆ Regular performance reviews ensure that we deliver on our commitments to stakeholders. We also conduct periodic assessments to identify areas for improvement in stakeholder engagement.





Understanding our stakeholders is the first step toward creating sustainable value. Our stakeholders are diverse, each with distinct interests, expectations, and contributions. At Singer Finance, we categorise our stakeholders into six primary groups, each representing a unique aspect of our business ecosystem, and engagement is not considered a one-time exercise but a continuous journey of understanding, dialogue, and action.

journey of understanding, dialogue, and action.

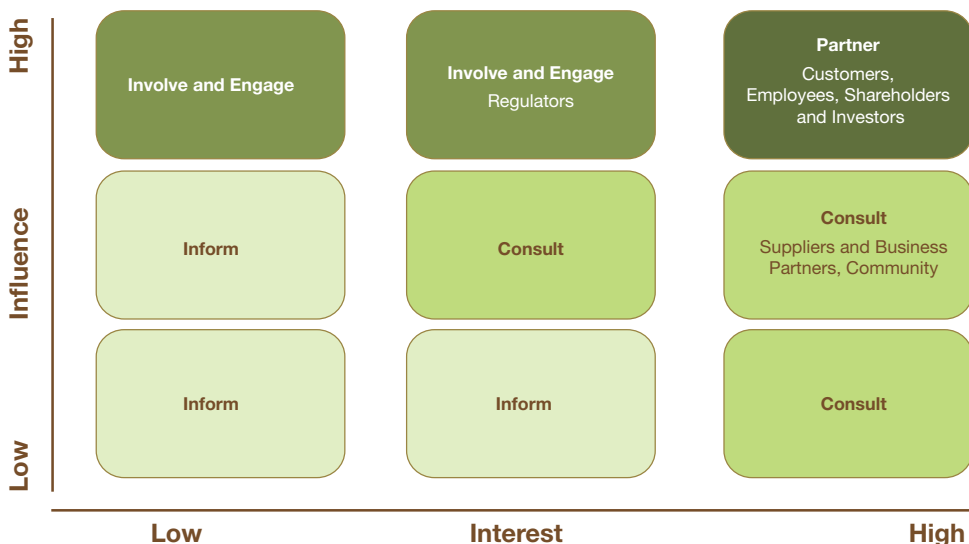
						<span style="color: red;">◆</span> High	<span style="color: gold;">◆</span> Moderate	<span style="color: teal;">◆</span> Low
Stakeholder Group	Degree of Interest	Degree of Influence	Engagement Channels	Frequency	Focus Areas	Our Response	Outcome	
 <b>CUSTOMERS</b> Individuals, SMEs, and corporate clients who rely on our financial solutions, including leasing, loans, savings, and digital banking services.	Focused on by product quality, pricing, and service delivery. Their satisfaction drives loyalty and revenue.  <span style="color: red;">◆</span>	Their preferences shape product development, marketing strategies, and overall business direction.  <span style="color: red;">◆</span>	Branch network, digital channels, customer surveys, call centre, social media	Ongoing	<ul style="list-style-type: none"> <li>Service quality</li> <li>Product variety</li> <li>Digital access</li> <li>Grievance redressal</li> </ul>	<b>Empowering Customers</b> <ul style="list-style-type: none"> <li>Enhanced customer-centric culture, through increased convenience and 24/7 support.</li> <li>Launched enhanced digital banking solutions for seamless access and convenience.</li> <li>Expanded our product portfolio with green loan products, including solar loans and hybrid vehicle leasing.</li> <li>Enhanced grievance handling mechanisms for faster and more transparent complaint resolution.</li> </ul>	137,847 customers onboarded  Top 10 most loved financial services brand  75% deposit renewal rate <div>     </div>	
							Refer Social and Relationship Capital	

Stakeholder Group	Degree of Interest	Degree of Influence	Engagement Channels	Frequency	Focus Areas	Our Response	Outcome
 <b>EMPLOYEES</b> workforce, comprising talented professionals who drive our growth and innovation. This includes branch staff, managerial staff, and support teams.	Employees are invested in organisational success due to its impact on job security, development, and well-being.	Operational performance, innovation, and service quality are directly influenced by employee engagement and capabilities.	Intranet, performance appraisals, training programs, staff meetings, grievance mechanism	Ongoing	<ul style="list-style-type: none"> <li>Career development</li> <li>Work-life balance</li> <li>Health and safety</li> <li>Fair remuneration</li> </ul>	<b>Nurturing Employee Growth</b> <ul style="list-style-type: none"> <li>Strengthened employee welfare through health and wellness programs, flexible work arrangements, and skills development.</li> <li>Conducted training sessions on digital finance, sustainability, and customer relationship management.</li> <li>Promoted a culture of open communication and merit-based recognition.</li> </ul>	271 Employees recruited 20,094 Training Hours 896 Employees Train SDGs  Refer Human Capital
 <b>SHAREHOLDERS AND INVESTORS</b> Individuals and institutional investors who provide the financial capital that supports our growth.	The expectation of sustainable returns, transparency, and responsible management.	Their capital and confidence impact growth potential, decision-making, and market positioning.	Annual General Meeting, CSE announcements, financial reports, investor presentations	Periodic	<ul style="list-style-type: none"> <li>Sustainable growth</li> <li>Dividends</li> <li>Transparency and accountability</li> <li>Risk management</li> </ul>	<b>Generating Consistent Shareholder Value</b> <ul style="list-style-type: none"> <li>Engaging in prudent, farsighted investments to drive long-term value</li> <li>Strengthening our ESG commitment to ensure sustainable performance</li> <li>Integrating process efficiencies and</li> </ul>	19.6% revenue growth 110.7% PAT 15.05 ROE 4.21 EPS  Refer Financial Capital
 <b>REGULATORS</b> <b>GRI 207-3</b> Central Bank of Sri Lanka (CBSL), Colombo Stock Exchange (CSE), Inland Revenue Department, and other financial and regulatory bodies.	While not involved in daily operations, they have a vested interest in ensuring compliance with laws and industry standards.	Regulatory frameworks shape operations, products, consumer interactions, and organisational reputation.	Compliance reports, periodic submissions, direct communications	Ongoing	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Customer due diligence</li> <li>Financial stability</li> </ul>	<b>Ensuring Responsible Governance</b> <ul style="list-style-type: none"> <li>Adherence to CBSL regulations and remaining compliant to evolving legislation.</li> <li>Engaging in transparent reporting practices to uphold accountability and trust.</li> <li>Enhanced regulatory compliance through automated reporting and strengthened AML/CFT measures.</li> <li>Strengthened cyber security and data protection to safeguard customer information.</li> <li>Adopted sustainable business practices aligned with our ESG goals.</li> </ul>	Zero regulatory violations Zero cybersecurity breaches SDGs  Refer Corporate Governance Report

## STAKEHOLDER ENGAGEMENT

Stakeholder Group	Degree of Interest	Degree of Influence	Engagement Channels	Frequency	Focus Areas	Our Response	Outcome
 <b>SUPPLIERS AND BUSINESS PARTNERS</b> Vendors providing goods and services, including technology providers, service providers, vehicle dealers, and insurance partners.	Interested in stable, long-term partnerships and business continuity.	These relationships shape supply chain efficiency, product quality, and innovation	Supplier forums, contracts, performance reviews, ethical sourcing policies	Ongoing	<ul style="list-style-type: none"> <li>Fair pricing</li> <li>Long-term partnerships</li> <li>Ethical conduct</li> </ul>	<b>Supplier Development</b> <ul style="list-style-type: none"> <li>Engaging in supplier development programs and collaboration to enhance outcomes.</li> <li>Adhering to transparent procurement processes and extending fair contract terms.</li> </ul>	805 suppliers 99% local suppliers  Refer Social and Relationship Capital
 <b>COMMUNITY AND SOCIETY</b> The broader social and environmental ecosystem within which we operate, including local communities, NGOs, educational institutions, and environmental organisations.	As direct beneficiaries of social and development initiatives, communities have a strong interest in the company's efforts to create positive, inclusive, and sustainable local impact.	While communities may not influence daily operations, their perceptions and support play a key role in maintaining the company's social license to operate and long-term reputation.	CSR initiatives, community programs, financial literacy workshops, green financing	Ongoing	<ul style="list-style-type: none"> <li>Financial inclusion</li> <li>Social responsibility</li> <li>Environmental sustainability</li> </ul>	<b>Contributing to Community Development</b> <ul style="list-style-type: none"> <li>Providing green loans to drive sustainability.</li> <li>Launched financial literacy programs targeting underserved communities.</li> <li>Conducted environmental conservation projects, including tree planting and resource optimisation.</li> <li>Enhanced our focus on inclusive finance, promoting financial access for SMEs and low-income groups.</li> </ul>	Rs. 921.014 Mn invested 4,500 trees planted SDGs  Refer Social and Relationship Capital

### Stakeholder Mapping



## ROOM FOR REAL CASE STUDIES: STORIES OF VALUE CREATION

Our commitment to stakeholders goes beyond engagement—it is about creating tangible value. In this section, we will include real case studies of how Singer Finance created significant value for stakeholders during the year, ranging from customer success stories to community development impacts.

At Singer Finance, our commitment to stakeholders is not just about engagement—it is about creating meaningful value. These testimonials from our valued customers highlight the trust, reliability, and excellence they have experienced in their financial journeys with us.

### Testimonial 1:

#### Building Trust and Reliability SND Cars, Negombo

"For over seven years, Singer Finance has been a trusted partner in my business journey. What truly sets them apart is their fast and reliable service, delivered with a personal touch of trust and friendliness. These qualities make it easy for customers like me to work with them confidently.

Whether buying or selling vehicles, I have always prioritized Singer Finance because of the seamless and dependable experience they provide. I look forward to continuing this strong and trusted relationship for many more years."

### Testimonial 2:

#### A Legacy of Trust – VJ Auto Bikes

"Our partnership with Singer Finance has stood the test of time. Over the years, they have consistently earned the trust of our customers through their reliable and customer-focused approach.

As they celebrate two decades of success, I wish Singer Finance continued growth and success. May they keep earning the trust of customers in the years ahead, just as they have done with us."

#### VJ Auto Bikes

These stories of value creation reflect the strong relationships we have built with our stakeholders, underscoring our commitment to trust, reliability, and customer satisfaction.

# ETHICAL CAPITALS MANAGEMENT

## **Branching into Tomorrow.**

Our journey doesn't end at 20. It begins anew with deeper purpose, sharper vision, and unwavering resolve. With the strength of our roots and the clarity of our values, we are branching into a future full of possibilities for our customers, our people, and Sri Lanka.





## FINANCIAL CAPITAL

In the heart of Sri Lanka's lush landscapes, the sandalwood tree stands as a symbol of enduring value, its fragrance deepening with time, much like the financial capital of Singer Finance (Lanka) PLC. Just as sandalwood's essence is cultivated through careful nurturing and patience, Singer Finance has meticulously grown its financial capital, balancing resilience, growth, and sustainability. The company's financial capital comprising equity, debt, and retained earnings serves as the bedrock for its operations, enabling it to deliver value to stakeholders while navigating a dynamic economic environment. This chapter delves into the intricate details of Singer Finance's financial capital management, performance, and strategic priorities for FY 2024/25, as reflected in its Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position. By weaving together financial discipline, innovation, and a commitment to environmental, social, and governance (ESG) principles, Singer Finance ensures its financial capital flourishes, much like the timeless sandalwood.

As a regulated financial institution, managing financial capital effectively remains central to our operating model. We focus on sustaining profitability, preserving liquidity, and optimizing capital allocation in line with our risk appetite and growth priorities. Our approach ensures we remain resilient amid market shifts, while delivering consistent value to stakeholders over the short, medium, and long term.

### Our Approach

We manage our financial capital with a strategic focus on long-term value

### KEY MILESTONES

Highest Ever Profit After Tax and Profit Before Tax

Highest Ever Interest Income Recorded

Total Asset Base surpassed **Rs. 50 Billion** mark

A **71%** Receivable Growth

Total Deposits Surpassed **Rs. 25 Billion**

creation, prudent risk management, and responsible allocation of resources. Our financial decisions are guided by our corporate strategy, regulatory expectations, and a commitment to creating sustainable stakeholder outcomes. Key areas of focus include capital efficiency, cost optimization, and maintaining a robust liquidity position to support business continuity and growth.

We ensure transparency and accountability through strong governance frameworks, performance monitoring, and reporting mechanisms that align with industry standards and stakeholders' expectations.

**SINGER  
FINANCE**

**STRATEGIC  
VALUE  
CREATION**

**PRUDENT  
RISK  
MANAGEMENT**

**CAPITAL  
EFFICIENCY**

## FINANCIAL CAPITAL

### Strength and Competencies

#### 1. Sound Financial Position

We maintained a stable balance sheet supported by steady capital buffers and strong credit quality, enabling us to meet operational and expansion needs.

- ◆ Sufficient capital adequacy to support risk-weighted asset growth
- ◆ Low NPL ratio indicating prudent lending practices

#### 2. Diversified Funding Base

Our funding mix is diversified across retail deposits and institutional sources, supporting cost-effective and stable funding.

- ◆ Growing fixed deposit base
- ◆ Strong depositor confidence across age groups and regions

#### 3. Sustainable Profitability

Despite a challenging macroeconomic environment, we sustained profitability with disciplined cost control and yield optimization.

- ◆ Improvement in interest income and fee-based revenue streams
- ◆ Strategic lending practices that ensure profitability across key products

#### 4. Risk-Adjusted Return Focus

We emphasize managing financial risk prudently and allocating capital based on return metrics, enabling better decision-making.

- ◆ Effective AML practices
- ◆ Enhanced credit risk assessment processes

### Trends in 2024/25

- ◆ Moderating interest rates and gradual economic stabilization
- ◆ Increasing demand for digital and green financing products
- ◆ Customer shift toward flexible, tech-enabled financial services



#### Challenges

- ◆ Scope to grow high-margin segments
- ◆ Increase fee-based income through digital and co-branded services
- ◆ Expand regional footprint



#### Opportunities

- ◆ High competition affecting lending margins
- ◆ Pressure on NIMs due to repricing of fixed deposits
- ◆ Regulatory changes impacting provisioning and capital planning



#### Risks

- ◆ Interest rate volatility
- ◆ Credit risk exposure
- ◆ Regulatory and compliance pressure



### Strategic Response

- ◆ Rebalanced asset portfolio towards shorter-tenure, high-yield segments
- ◆ Tightened cost structures across operations and branch network
- ◆ Enhanced pricing strategies to improve NIMs
- ◆ Focused on deposit mobilization with targeted marketing and loyalty campaigns
- ◆ Continued investment in digital infrastructure to drive operational efficiency and fee-based income growth



### Outcomes

Interest Income	Net Interest Income (NII)	Net Profit After Tax	Total Assets
<b>Rs. 8.98 Bn</b>	<b>Rs. 4.79 Bn</b>	<b>Rs. 851.7 Bn</b>	<b>Rs. 57.12 Bn</b>
Customer Deposits	Non-Performing Loan Ratio	Return on Assets (ROA)	Return on Equity (ROE)
<b>Rs. 28.31 Bn</b>	<b>5.42%</b>	<b>1.82%</b>	<b>15.05%</b>

Cost-to-Income Ratio **58.7%**

SDG	Stakeholders	Material Topics
		Financial performance Capital allocation Credit risk and portfolio quality Liquidity and funding

## Overview of Financial Capital

Singer Finance (Lanka) PLC maintains a robust and balanced financial capital structure, strategically composed of equity, debt instruments, and retained earnings. This structure is underpinned by a disciplined capital management approach that prioritizes regulatory compliance, risk-adjusted returns, and liquidity optimization. As of 31st March 2025, the company's total equity stood at Rs. 6,104 million, reflecting a 17% year-on-year increase from Rs. 5,214 million in FY 2023/24. This growth was driven by strong earnings retention, with net profit soaring to Rs. 852 million, a historic 111% increase from Rs. 404 million the previous year. The company's debt portfolio, including interest-bearing loans and borrowings of Rs. 19,508 million and customer deposits of Rs. 28,314 million, supports its lending activities while maintaining cost efficiency. Retained earnings, which grew to Rs. 3,600 million from Rs. 2,829 million, serve as a critical buffer for future expansion and resilience against macroeconomic volatility.

The capital management strategy is designed to ensure business continuity and stakeholder confidence. Singer Finance closely monitors its capital adequacy ratios, with the Tier I Capital Ratio at 10.64% and the Total Capital Ratio at 12.80% as of 31st March 2025, both exceeding the Central Bank of Sri Lanka (CBSL) minimum thresholds of 8.5% and 12.5%, respectively. Despite a decline from the previous year's ratios of 15.62% and 18.54%, driven by an expansion in risk-weighted assets, these figures underscore the company's robust capital position. Liquidity management is equally prudent, with the Liquid Assets to Total Assets Ratio at 24.32%, down from 29.32% in FY 2023/24, reflecting a strategic deployment of excess liquidity into higher-yielding assets while maintaining sufficient buffers for short-term obligations.

Strategic capital allocation is a cornerstone of Singer Finance's growth strategy. In the short term, capital is channeled into enhancing operational efficiency and digital infrastructure. Medium-term investments focus on expanding the branch network and

diversifying product offerings, particularly in leasing and consumer finance. Long-term allocations prioritize sustainable growth through technology integration and innovation, ensuring resilience in a competitive financial landscape. This approach aligns with the company's commitment to ESG principles, with sustainability metrics integrated into investment decisions and green financing initiatives gaining traction.

The financial landscape in FY 2024/25 was shaped by external challenges, including volatility of interest rates and uncertainty of market conditions which exerted pressure on margins and funding costs. However, Singer Finance capitalized on opportunities and cost optimization to maintain profitability and liquidity. Proactive risk management, including stress testing and scenario-based liquidity forecasting, enabled the company to navigate these headwinds effectively, reinforcing its financial stability.

## PEARLS Monitoring System Analysis



### Protection

#### Assessment: **Strong**

Protection evaluates the adequacy of provisions to cover potential loan losses, ensuring the institution is safeguarded against credit risk, much like a sandalwood tree's resilient bark protects its valuable core. Singer Finance demonstrates robust protection through its Expected Credit Loss (ECL) model under SLFRS 9, with total impairment provisions increasing to Rs. 1,384 million in FY 2024/25 from Rs. 1,193 million in FY 2023/24. The Stage-wise breakdown shows Stage 1 provisions at Rs. 201 million (up from Rs. 123 million), Stage 2 at Rs. 163 million (up from Rs. 75 million), and Stage 3 at Rs. 1,020 million (with Rs. 43 million in write-offs). This reflects proactive provisioning for potential credit deterioration, supported by forward-looking macroeconomic data and recalibrated risk models (probability of default, loss given default, and exposure at default). The Non-Performing Loan (NPL) Ratio improved significantly to

5.42% from 10.25%, indicating effective risk management. The company's provisioning practices, coupled with automated credit scoring and recovery dashboards, ensure a strong safety net against loan losses.



### KEY METRICS:

- ◆ NPL Ratio: **5.42%**
- ◆ Total Provisions: **Rs. 1,384** million, covering potential losses adequately.
- ◆ Write-offs: **Rs. 43 million**, focused on long-standing delinquencies.

#### Strengths:

- ◆ Significant NPL reduction through enhanced underwriting and recovery.
- ◆ Robust ECL model with conservative provisioning.
- ◆ Alignment with CBSL regulatory directions.



### Effective Financial Structure

#### Assessment: **Well-Balanced**

An effective financial structure, like the sturdy branches of a sandalwood tree, ensures a balanced mix of assets, liabilities, and equity to support sustainable growth. Singer Finance's total assets grew 56.1% to Rs. 57,117 million in FY 2024/25, driven by a 71% increase in the lending portfolio to Rs. 47,616 million (finance leases: Rs. 17,209 million; loans and advances: Rs. 30,407 million). The funding mix is diversified, with fixed deposits (57.42%, Rs. 27,460 million), securitization loans (22.18%, Rs. 10,625 million), bank loans (14.18%, Rs. 6,750 million), debentures (4.45%, Rs. 2,134 million), and savings deposits (1.77%, Rs. 854 million). Total equity rose 17% to Rs. 6,104 million, supported by retained earnings of Rs. 3,600 million and statutory reserves of Rs. 506 million. The Tier I Capital Ratio (10.64%) and Total Capital Ratio (12.80%) exceed CBSL minimums, though they declined from 15.62% and 18.54% due to asset

## FINANCIAL CAPITAL

growth. The company's strategy to retain earnings and avoid dividends strengthens its capital base, ensuring resilience.



### KEY METRICS:

- ◆ Total Equity to Total Assets: **10.68%**
- ◆ Loan Portfolio to Total Assets: **83.4%**
- ◆ Deposits to Total Liabilities: **55.5%**

#### Strengths:

- ◆ Diversified funding mix reduces reliance on single sources.
- ◆ Strong equity growth supports expansion.
- ◆ Capital ratios above regulatory thresholds.

## A

### Asset Quality

**Assessment: Very Strong**

Asset quality, akin to the pure essence of sandalwood, reflects the health of Singer Finance's portfolio. The NPL Ratio's sharp decline to 5.42% from 10.25% highlights improved credit quality, driven by enhanced underwriting, real-time bureau data integration, and early warning systems. The lending portfolio's 71% growth to Rs. 47,616 million is well-structured, with 63.6% of receivables (Rs. 30,292 million) maturing within 12 months, reducing long-term credit risk. Finance leases (36%) and loans (64%, including Rs. 9,710 million in gold loans) provide yield diversification. Investments in low-risk instruments, such as bank placements (Rs. 2,777 million) and debt securities (Rs. 2,813 million), further enhance asset quality, contributing to the Liquid Assets to Total Assets Ratio of 24.32%. The company's recovery framework, including digital engagement and legal enforcement, supports sustained asset quality.



### KEY METRICS:

- ◆ NPL Ratio: **5.42%**
- ◆ Short-term Receivables (<12 months): **63.7%**
- ◆ Investment Portfolio: **Rs. 5,590** million, focused on low-risk assets.

#### Strengths:

- ◆ Significant NPL improvement outperforms industry benchmarks.
- ◆ High proportion of short-term receivables ensures liquidity.
- ◆ Conservative investment strategy minimizes risk.

## R

### Rates of Return and Costs

**Assessment: Exceptional**

Singer Finance's profitability, like the rich fragrance of mature sandalwood, reached historic highs in FY 2024/25. Net profit surged 111% to Rs. 852 million from Rs. 404 million, driven by a 71.9% increase in net interest income to Rs. 4,793 million and a 62% rise in fee income to Rs. 612 million. Gross income grew 19.6% to Rs. 9,706 million, with interest income (Rs. 8,983 million) benefiting from portfolio expansion and effective rate strategies. Interest expenses fell 12.6% to Rs. 4,190 million, boosting the Net Interest Margin (NIM). The cost-to-income ratio improved to 58.7% from 74.5%, despite a 31% rise in operating expenses to Rs. 3,237 million (personnel: Rs. 1,328 million; other expenses: Rs. 1,609 million). Return on Assets (ROA) was 1.82%, and Return on Equity (ROE) reached 15.05%, reflecting strong capital efficiency.



### KEY METRICS:

- ◆ ROA: **1.82%**
- ◆ ROE: **15.05%**
- ◆ Cost-to-Income Ratio: **58.7%**

#### Strengths:

- ◆ Record profitability with strong revenue growth.
- ◆ Improved cost efficiency despite expense increases.
- ◆ High ROE reflects effective capital utilization.

## L

### Liquidity

**Assessment: Robust**

Liquidity, like the life-giving sap of a sandalwood tree, ensures Singer Finance's operational resilience. The Liquid Assets to Total Assets Ratio stood at 24.32%, down from 29.32% due to strategic deployment into higher-yielding assets, but well above CBSL requirements. Cash and equivalents were Rs. 925 million (net of Rs. 906 million overdraft), supported by bank placements of Rs. 2,777 million. The deposit base grew 27.7% to Rs. 28,314 million, with a 75% renewal ratio, driven by campaigns like the "Loyalty Advantage Scheme". The funding mix's diversification mitigates short-term risks, and stress testing confirms liquidity resilience under adverse scenarios. Contingency plans, including credit lines, enhance flexibility.



### KEY METRICS:

- ◆ Liquid Assets to Total Assets: **24.32%**
- ◆ Deposit Renewal Ratio: **75%**
- ◆ Net Cash Balance: **Rs. 925 million.**

#### Strengths:

- ◆ Strong deposit growth and renewal rate.
- ◆ Diversified funding reduces liquidity risks.
- ◆ Proactive stress testing and contingency planning.

**S****Signs of Growth****Assessment: Strong**

Singer Finance's growth mirrors the steady expansion of a sandalwood tree, with significant progress across key metrics. Total assets grew 56.1% to Rs. 57,117 million, driven by a 71% increase in the lending portfolio to Rs. 47,616 million. Deposits rose 27.7% to Rs.

28,314 million, and equity increased 17% to Rs. 6,104 million. Gross income grew 19.6% to Rs. 9,706 million, and net profit surged 111% to Rs. 852 million. Strategic initiatives, such as digital lending, green vehicle leasing, and semi-urban expansion, position the company for sustained growth. The focus on MSME financing and fee-based income (up 62% to Rs. 612 million) reflects diversified growth drivers.

**Overall Rating: Strong**

This rating underscores Singer Finance's balanced approach to financial management, with minor areas for improvement in stabilizing non-interest income and optimizing liquidity allocation to enhance long-term sustainability.

**Key Financial Performance:****Horizontal Analysis of Income Statement for the Past Five Years**

	CAGR	2025		2024		2023		2022		2021	
		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn	
Gross Income	21%	9,706	20%	8,113	7%	7,553	38%	5,487	16%	4,714	3%
Interest Income	20%	8,983	18%	7,581	6%	7,148	40%	5,118	15%	4,433	3%
Interest Expense	20%	(4,190)	-13%	(4,793)	6%	(4,528)	133%	(1,947)	1%	(1,921)	-4%
Net Interest Income	20%	4,793	72%	2,788	6%	2,620	-17%	3,172	26%	2,512	8%
Other Operating Income	26%	723	36%	533	32%	405	10%	368	31%	281	-1%
Total Operating Income	21%	5,516	66%	3,321	10%	3,024	-15%	3,540	27%	2,793	7%
Impairment Charges/ Reversals	-10%	(234)	-279%	131	220%	41	-110%	(414)	-14%	(484)	35%
Other Operating Expense	24%	(3,237)	31%	(2,480)	20%	(2,070)	10%	(1,878)	26%	(1,494)	10%
Tax on Financial Services	23%	(587)	83%	(320)	1%	(317)	10%	(288)	35%	(213)	-18%
Profit Before Income Tax	23%	1,458	124%	652	-4%	679	-29%	959	59%	602	-4%
Income Tax Expense	26%	(606)	144%	(248)	-8%	(270)	-20%	(338)	76%	(192)	-20%
Profit for the Year	22%	852	111%	404	-1%	409	-34%	621	51%	410	5%

The horizontal analysis of Singer Finance (Lanka) PLC's income statement from 2021 to 2025, with a compound annual growth rate (CAGR) calculated over the period, highlights dynamic growth trends. Gross income grew at a 21% CAGR, reaching Rs. 9,706 million in 2025, with a notable 20% year-on-year increase from 2024, driven by robust lending activities. Interest income, with a 20% CAGR, rose 18% in 2025 to Rs. 8,983

million, while interest expenses, also at a 20% CAGR, decreased 13% in 2025 to Rs. 4,190 million, significantly boosting net interest income by 72% to Rs. 4,793 million. Other operating income grew at a 26% CAGR, with a 36% surge in 2024, contributing to total operating income's 21% CAGR and 66% increase in 2025 to Rs. 5,516 million. Impairment charges fluctuated, shifting to a Rs. 234 million charge in 2025 from a Rs. 131 million

**KEY METRICS:**

- ◆ Asset Growth: **56.1%**
- ◆ Lending Portfolio Growth: **71%**
- ◆ Net Profit Growth: **111%**

**Strengths:**

- ◆ Exceptional asset and profit growth.
- ◆ Diversified portfolio and revenue streams.
- ◆ Strategic focus on high-growth segments like green financing.

reversal in 2024, reflecting cautious provisioning. Operating expenses grew at a 24% CAGR, up 31% in 2025, while profit before tax and net profit achieved CAGRs of 23% and 22%, respectively, with 124% and 111% increases in 2025 to Rs. 1,458 million and Rs. 852 million, respectively, underscoring exceptional profitability despite earlier volatility.

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### Vertical Analysis of Income Statement for the Past Five Years

	2025		2024		2023		2022		2021	
	Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn	
Gross Income	9,706	100%	8,113	100%	7,553	100%	5,487	100%	4,714	100%
Interest Income	8,983	93%	7,581	93%	7,148	95%	5,118	93%	4,433	94%
Interest Expense	(4,190)	-43%	(4,793)	-59%	(4,528)	-60%	(1,947)	-35%	(1,921)	-41%
Net Interest Income	4,793	49%	2,788	34%	2,620	35%	3,172	58%	2,512	53%
Other Operating Income	723	7%	533	7%	405	5%	368	7%	281	6%
Total Operating Income	5,516	57%	3,321	41%	3,024	40%	3,540	65%	2,793	59%
Impairment charges/reversals	(234)	-2%	131	2%	41	1%	(414)	-8%	(484)	-10%
Other Operating Expense	(3,237)	-33%	(2,480)	-31%	(2,070)	-27%	(1,878)	-34%	(1,494)	-32%
Tax on Financial Services	(587)	-6%	(320)	-4%	(317)	-4%	(288)	-5%	(213)	-5%
Profit Before Income Tax	1,458	15%	652	8%	679	9%	959	17%	602	13%
Income Tax Expense	(606)	-6%	(248)	-3%	(270)	-4%	(338)	-6%	(192)	-4%
Profit for the Year	852	9%	404	5%	409	5%	621	11%	410	9%

The vertical analysis of Singer Finance (Lanka) PLC's income statement from 2021 to 2025 reveals key trends in its financial performance, with each line item expressed as a percentage of gross income. Interest income consistently dominates, contributing 93–95% of gross income, underscoring the company's reliance on lending activities. Interest expenses, while significant, decreased from 60% in 2023 to 43% in 2025, boosting net interest income to 49% of gross income in 2025 from a low of 34% in 2024, reflecting improved margin management. Other operating income remained stable at 5–7%, while total operating income peaked at 65% in 2022 but stabilized at 57% in 2025, driven by robust net interest income. Impairment charges fluctuated, with a 2% charge in 2025 compared to reversals in 2023 and 2024, indicating cautious provisioning. Operating expenses hovered around 27–34%, with a slight increase to 33% in 2025 due to portfolio expansion. Profit before tax improved to 15% in 2025 from 8% in 2024, and net profit rose to 9% from 5%, highlighting enhanced profitability and efficiency despite macroeconomic challenges.

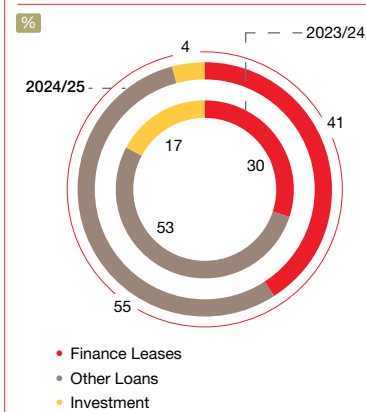
### Metrics: The Statement of Profit or Loss and Other Comprehensive Income

The Statement of Profit or Loss and Other Comprehensive Income for FY 2024/25 highlights Singer Finance's exceptional financial performance, driven by robust revenue growth, operational efficiencies, and disciplined cost management. Gross income reached Rs. 9,706 million, a 19.6% increase from Rs. 8,113 million in FY 2023/24, reflecting the company's ability to expand its interest-generating activities and deepen market penetration.

### Revenue Composition

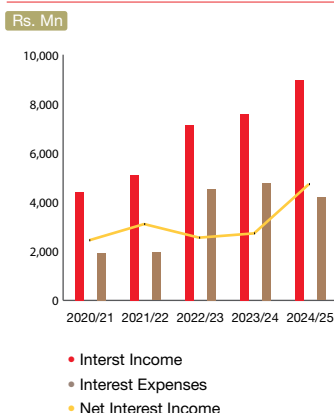
**Interest Income:** The primary driver of revenue, interest income, grew to Rs. 8,983 million from Rs. 7,581 million, a 18.5% increase. This growth was fueled by a 71% expansion in the lending portfolio, which reached Rs. 47,616 million, comprising Rs. 17,209 million in finance lease receivables and Rs. 30,407 million in loans and advances. Effective interest rate strategies and a focus on high-yield segments, such as vehicle leasing and gold loans, further bolstered this performance.

### Composition of Interest Income



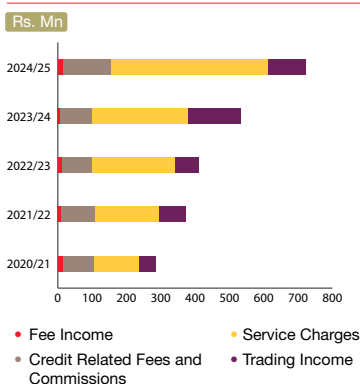
**Interest Expense:** Interest expenses decreased to Rs. 4,190 million from Rs. 4,793 million, a 12.6% reduction, despite the growth in borrowings. This was achieved through cost-effective borrowing strategies, including a diversified funding mix and optimized deposit rates. This resulting net interest income surged to Rs. 4,793 million, a 71.9% increase from Rs. 2,788 million, reflecting a significant improvement in the Net Interest Margin (NIM). The NIM's enhancement was supported by yield optimization on assets and stringent credit discipline, positioning Singer Finance as a leader in profitability among its peers.

### Net Interest Income



**Fee and Commission Income:** Non-interest income saw notable growth, with fee and commission income rising by 62% to Rs. 612 million from Rs. 378 million. This increase was driven by higher transaction volumes, new product offerings, and the leveraging of digital channels for value-added services such as insurance and settlement fees. The company's focus on diversifying revenue streams through fee-based income underscores its resilience against interest rate volatility.

### Fee and Commission Income



**Other Operating Income:** In contrast, other operating income declined by 28% to Rs. 111 million from Rs. 155 million, primarily due to fewer one-time gains compared to the previous year. While this component represents a smaller portion of total income, the company is exploring opportunities to stabilize and grow this segment through innovative financial products.

### Total Operating Income and Net Operating Income

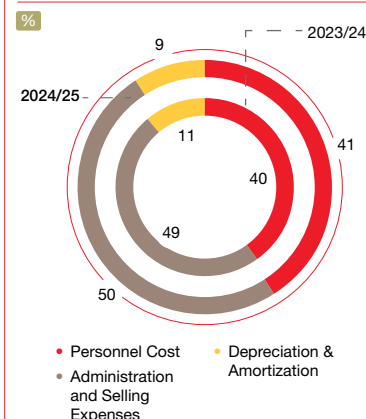
Total operating income reached Rs. 5,516 million, a 66.1% increase from Rs. 3,321 million, reflecting the combined strength of net interest income and non-interest income. Impairment charges for receivables and other losses amounted to Rs. 234 million, a significant shift from the Rs. 131 million reversal in FY 2023/24. This increase reflects heightened provisioning for Stage 1 and Stage 2 assets under the Expected Credit Loss (ECL) model, signaling proactive risk management in response to potential credit deterioration. Consequently, net operating income stood at Rs. 5,282 million, up 53% from Rs. 3,452 million, providing a solid foundation for profitability.

### Operating Expenses

Operating expenses totaled Rs. 3,237 million, a 31% increase from Rs. 2,479 million, driven by portfolio expansion, inflationary pressures, and investments in technology infrastructure. Personnel expenses rose by 34% to Rs. 1,328 million from Rs. 989 million, reflecting salary increments and staff expansion to support growth initiatives. Depreciation and amortization expenses increased by 9% to Rs. 300 million, driven by investments in fixed assets and digital systems. Other operating expenses grew by 32.5% to Rs. 1,609 million, attributed to higher marketing costs, branch expansion, and technology upgrades.

Despite the rise in expenses, the cost-to-income ratio improved significantly to 58.7% from 74.5%, reflecting enhanced operational efficiency. Key efficiency measures included workflow restructuring, centralized procurement, and vendor contract renegotiations, which mitigated the impact of cost pressures and supported profitability.

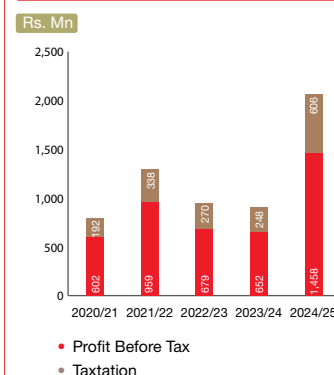
### Operating Expense Composition



### Profitability

Operating profit before tax on financial services reached Rs. 2,045 million, a 110.3% increase from Rs. 972 million, driven by higher net interest income and fee-based earnings. After accounting for the tax on financial services of Rs. 587 million (up from Rs. 320 million due to higher taxable income), profit before income tax stood at Rs. 1,458 million, a 123.5% increase from Rs. 652 million. Net profit after tax soared to Rs. 852 million, a 111% increase from Rs. 404 million, marking the highest profitability in the company's history. This performance was underpinned by robust revenue growth, improved asset quality, and operational efficiencies. Earnings per share rose to Rs. 4.21 from Rs. 2.00, reflecting enhanced shareholder value.

### Profitability



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### Other Comprehensive Income

Other comprehensive income for FY 2024/25 amounted to Rs. 36 million, compared to a loss of Rs. 4 million in FY 2023/24. This was primarily driven by an actuarial gain of Rs. 52 million on the defined benefit plan, partially offset by

a deferred tax charge of Rs. 16 million. Total comprehensive income reached Rs. 888 million, a 121.6% increase from Rs. 401 million, reinforcing the company's strong financial performance.

### Horizontal Analysis of SOFP for the Past Five Years

	CAGR	2025		2024		2023		2022		2021	
		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn	
ASSETS											
Cash and Cash Equivalents	16%	1,830	-52%	3,825	51%	2,537	203%	838	-18%	1,021	377%
Placement with Banks	160%	2,777	993%	254	-82%	1,414	699%	177	190%	61	-40%
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	0%	-	-100%	464	100%	-	100%	-	100%	-	100%
Hire Purchase Receivables	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Finance Lease Receivables	6%	17,210	57%	10,936	23%	8,887	-31%	12,955	-6%	13,721	-8%
Loans and Advances	42%	30,407	80%	16,864	10%	15,387	14%	13,480	81%	7,465	44%
Financial Assets Measured at Fair Value Through Other Comprehensive Income	19%	2	0%	2	0%	2	100%	-	0%	-	0%
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	36%	2,813	13%	2,479	23%	2,014	43%	1,413	74%	813	3%
Due From Related Companies	-51%	25	0%	-	0%	-	0%	-	0%	418	0%
Deferred Tax Assets	165%	246	165%	93	-18%	113	43%	79	1480%	5	100%
Intangible Assets	17%	83	-6%	88	10%	80	16%	69	57%	44	5%
Property, Plant & Equipment	18%	711	11%	638	2%	624	41%	444	19%	373	14%
Right-of-Use Assets / Lease Assets	2%	638	-9%	698	4%	674	4%	646	11%	584	25%
Other Assets	23%	375	48%	253	17%	217	34%	162	-2%	166	-36%
Total Assets	23%	57,117	56.08%	36,594	15%	31,949	6%	30,263	23%	24,671	9%
LIABILITIES											
Other Financial Liabilities Due to Customers	28%	28,315	28%	22,180	16%	19,196	56%	12,295	16%	10,643	48%
Interest Bearing Loans & Borrowings	27%	19,507	184%	6,870	13%	6,066	-44%	10,779	44%	7,471	-19%
Lease Laibilities	6%	790	-6%	839	11%	758	5%	722	17%	615	29%
Due To Related Companies	-56%	17	-84%	105	-9%	116	61%	72	-84%	456	13%
Bank Overdraft	32%	906	70%	532	13,200%	4	-99%	600	99%	302	-51%
Current Tax Liabilities	20%	403	338%	92	-60%	229	-12%	260	33%	196	68%
Deferred Tax Liabilities	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Retirement Benefit Obligations	14%	139	-14%	162	26%	129	28%	101	22%	83	14%
Other Liabilities	12%	936	56%	600	26%	476	-28%	659	12%	587	25%
Total Liabilities	26%	51,013	62.57%	31,380	16%	26,974	6%	25,488	25%	20,353	9%
EQUITY											
Stated Capital	0%	1,996	0%	1,996	0%	1,996	0%	1,996	0%	1,996	0%
Reserve Fund	26%	507	51%	336	32%	255	9%	235	16%	203	11%
Fair Value Reserve of Financial Assets at FVOCI	19%	2	0%	2	0%	2	100%	-	0%	-	0%
Regulatory Loss Allowance Reserve	0%	-	-100%	51	100%	-	100%	-	100%	-	100%
Retained Earnings	14%	3,600	27%	2,829	4%	2,722	7%	2,544	20%	2,119	22%
Total Equity	9%	6,104	17%	5,214	5%	4,975	4%	4,775	11%	4,318	10%
Total Liabilities & Equity	23%	57,117	56.08%	36,594	15%	31,949	6%	30,263	23%	24,671	9%

The horizontal analysis of Singer Finance (Lanka) PLC's Statement of Financial Position (SOFP) from 2021 to 2025, with compound annual growth rates (CAGRs), illustrates robust growth and strategic balance sheet expansion. Total assets grew at a 23% CAGR, reaching Rs. 57,117 million in 2025, with a significant 56.08% year-on-year increase from 2024, driven by a 71% surge in the lending portfolio to Rs. 47,616 million (loans and advances: 42% CAGR, Rs. 30,407 million; finance leases: 6% CAGR, Rs. 17,209 million). Placements with banks soared at a 160% CAGR, reflecting liquidity optimization, while deferred tax assets grew at 165%. Total liabilities expanded at a 26% CAGR to Rs. 51,013 million, with customer deposits (28% CAGR, Rs. 28,315 million) and borrowings (27% CAGR, Rs. 19,507 million) supporting asset growth, though bank overdraft spiked 70% in 2025. Equity grew at a 9% CAGR to Rs. 6,104 million, bolstered by a 14%

CAGR in retained earnings (Rs. 3,600 million), despite static stated capital. The 2025 growth reflects aggressive lending and deposit mobilization, balanced by prudent capital retention, positioning Singer Finance for sustained financial strength.



### Vertical Analysis of SOFP for the Past Five Years

	2025		2024		2023		2022		2021	
	Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn	
ASSETS										
Cash and Cash Equivalents	1,830	3%	3,825	10%	2,537	8%	838	3%	1,021	4%
Placement with Banks	2,777	5%	254	1%	1,414	4%	177	1%	61	0%
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	-	0%	464	1%	-	0%	-	0%	-	0%
Hire Purchase Receivables	-	0%	-	0%	-	0%	-	0%	-	0%
Finance Lease Receivables	17,210	30%	10,936	30%	8,887	28%	12,955	43%	13,721	56%
Loans and Advances	30,407	53%	16,864	46%	15,387	48%	13,480	45%	7,465	30%
Financial Assets Measured at Fair Value Through Other Comprehensive Income	2	0%	2	0%	2	0%	-	0%	-	0%
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	2,813	5%	2,479	7%	2,014	6%	1,413	5%	813	3%
Due From Related Companies	25	0%	-	0%	-	0%	-	0%	418	2%
Deferred Tax Assets	246	0%	93	0%	113	0%	79	0%	5	0%
Intangible Assets	83	0%	88	0%	80	0%	69	0%	44	0%
Property, Plant & Equipment	711	1%	638	2%	624	2%	444	1%	373	2%
Right-of-Use Assets / Lease Assets	638	1%	698	2%	674	2%	646	2%	584	2%
Other Assets	375	1%	253	1%	217	1%	162	1%	166	1%
Total Assets	57,117	100%	36,594	100%	31,949	100%	30,263	100%	24,671	100%
LIABILITIES										
Other Financial Liabilities Due to Customers	28,315	50%	22,180	61%	19,196	60%	12,295	41%	10,643	43%
Interest Bearing Loans & Borrowings	19,507	34%	6,870	19%	6,066	19%	10,779	36%	7,471	30%
Lease Liabilities	790	1%	839	2%	758	2%	722	2%	615	2%
Due To Related Companies	17	0%	105	0%	116	0%	72	0%	456	2%
Bank Overdraft	906	2%	532	1%	4	0%	600	2%	302	1%
Current Tax Liabilities	403	1%	92	0%	229	1%	260	1%	196	1%
Deferred Tax Liabilities	-	0%	-	0%	-	0%	-	0%	-	0%
Retirement Benefit Obligations	139	0%	162	0%	129	0%	101	0%	83	0%
Other Liabilities	936	2%	600	2%	476	1%	659	2%	587	2%
Total Liabilities	51,013	89%	31,380	86%	26,974	84%	25,488	84%	20,353	82%

## FINANCIAL CAPITAL

	2025		2024		2023		2022		2021	
	Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn		Rs.Mn	
<b>EQUITY</b>										
Stated Capital	1,996	3%	1,996	5%	1,996	6%	1,996	7%	1,996	8%
Reserve Fund	507	1%	336	1%	255	1%	235	1%	203	1%
Fair Value Reserve of Financial Assets at FVOCI	2	0%	2	0%	2	0%	-	0%	-	0%
Regulatory Loss Allowance Reserve	-	0%	51	0%	-	0%	-	0%	-	0%
Retained Earnings	3,600	6%	2,829	8%	2,722	9%	2,544	8%	2,119	9%
Total Equity	6,104	11%	5,214	14%	4,975	16%	4,775	16%	4,318	18%
Total Liabilities & Equity	57,117	100%	36,594	100%	31,949	100%	30,263	100%	24,671	100%

The vertical analysis of Singer Finance (Lanka) PLC's Statement of Financial Position (SOFP) from 2021 to 2025, with each item expressed as a percentage of total assets, highlights the company's asset and liability structure evolution. In 2025, loans and advances (53%) and finance lease receivables (30%) dominate assets, totaling 83% of the Rs. 57,117 million total assets, reflecting a lending-focused strategy. Cash and equivalents (3% in 2025, down from 10% in 2024) and placements with banks (5% in 2025, up from 1% in 2021) indicate liquidity management shifts, while debt and other financial instruments remain stable at 5–7%. Liabilities, primarily customer deposits (50% in 2025, down from 61% in 2024) and borrowings (34% in 2025, up from 19% in 2024), constitute 89% of total liabilities and equity in 2025, up from 82% in 2021, showing increased leverage. Equity decreased to 11% in 2025 from 18% in 2021, with retained earnings (6%) and stated capital (3%) as key components, signaling a shift toward debt-funded growth while maintaining a solid capital base.

### Metrics:

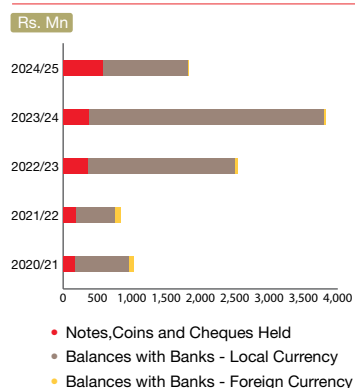
#### The Statement of Financial Position

The Statement of Financial Position as of 31st March 2025 reflects Singer Finance's strategic growth and prudent balance sheet management, with total assets reaching Rs. 57,117 million, a 56.1% increase from Rs. 36,594 million in FY 2023/24. This expansion was driven by significant growth in the lending portfolio, supported by a diversified funding structure and robust equity base.

### Assets

**Cash and Cash Equivalents:** Cash and cash equivalents decreased to Rs. 1,831 million from Rs. 3,826 million, reflecting a net cash outflow of Rs. 2,370 million. This was primarily due to significant investments in loans and leases (Rs. 12,247 million outflow from operating activities) and Bank Deposits (Rs. 2,246 million outflow from investing activities). Despite the reduction, the closing cash balance of Rs. 925 million (net of bank overdraft) ensures sufficient liquidity for operational needs.

#### Cash and Cash Equivalents

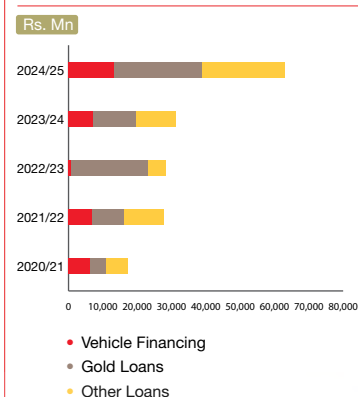


**Placements with Banks:** Placements with banks surged to Rs. 2,777 million from Rs. 254 million, reflecting a strategic shift towards short-term, liquid investments to balance yield and liquidity compliance. These placements contributed to the Liquid Assets to Total Assets Ratio of 24.32%.

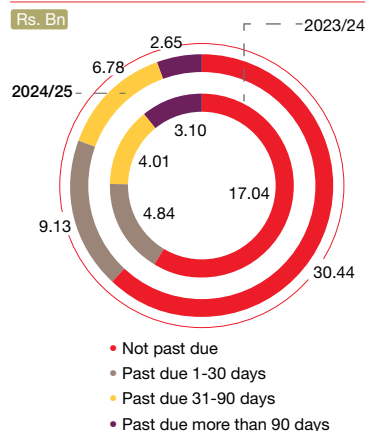
### Financial Assets at Amortised Cost – Finance Lease Receivables and Loans and Advances:

The lending portfolio, the core of Singer Finance's asset base, grew by 71% to Rs. 47,616 million from Rs. 27,800 million. Finance lease receivables increased to Rs. 17,209 million from Rs. 10,936 million, driven by demand for vehicle leasing, particularly in electric and hybrid vehicles. Loans and advances rose to Rs. 30,407 million from Rs. 16,864 million, with gold loans (Rs. 9,707 million) and other loans (Rs. 20,700 million) reflecting strong retail demand. The ageing analysis shows 63.7% of receivables maturing within 12 months, ensuring a healthy liquidity position and low structural credit risk.

#### Lending Product Mix



### Ageing of Receivables



### Financial Assets at Amortised Cost – Debt and Other Financial Instruments:

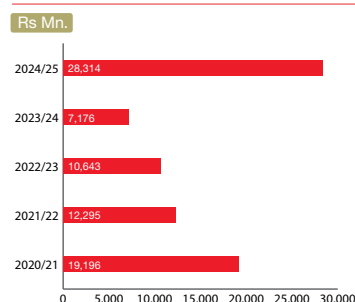
This category grew to Rs. 2,813 million from Rs. 2,479 million, comprising investments in government securities and other low-risk instruments. These assets provide stable yields and support liquidity compliance, aligning with CBSL's prudential guidelines.

**Other Assets:** Other assets include deferred tax assets of Rs. 246 million (up from Rs. 93 million property, plant, and equipment of Rs. 711 million (up from Rs. 638 million), and right-of-use assets of Rs. 638 million (down from Rs. 698 million). Intangible assets remained stable at Rs. 83 million, reflecting ongoing software investments.

### Liabilities

**Financial Liabilities at Amortised Cost – Due to Customers:** Customer deposits, a key funding source, grew by 31.9% to Rs. 28,314 million from Rs. 22,180 million. Fixed deposits accounted for Rs. 27,460 million, while savings deposits contributed Rs. 854 million. The deposit renewal ratio of 75% underscores customer loyalty and supports liquidity stability. The company's strategies and seasonal campaigns have strengthened its retail franchise.

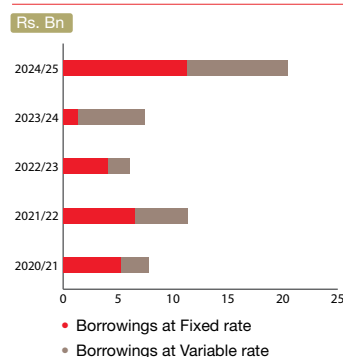
### Due to Depositors



### Financial Liabilities at Amortised Cost – Interest-Bearing Loans and Borrowings:

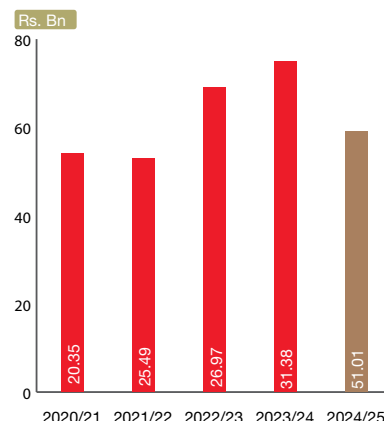
Borrowings increased to Rs. 19,508 million from Rs. 6,871 million, reflecting new bank loans, securitization facilities, and debentures. The funding mix- 57.42% fixed deposits, 22.18% securitization loans, 14.18% bank loans, 4.45% debentures, and 1.77% savings deposits—ensures resilience against interest rate volatility and maturity mismatches.

### Interest Bearing Borrowings



**Other Liabilities:** Lease liabilities decreased to Rs. 790 million from Rs. 839 million due to lease repayments, while trade and other payables rose to Rs. 936 million from Rs. 600 million, reflecting increased operational activities. Current tax liabilities surged to Rs. 403 million from Rs. 92 million, driven by higher taxable income. Retirement benefit obligations decreased to Rs. 139 million from Rs. 162 million, supported by actuarial gains.

### Total Liabilities



### Equity

Total equity grew to Rs. 6,104 million from Rs. 5,214 million, a 17% increase driven by earnings retention and reserve strengthening. Stated capital remained unchanged at Rs. 1,996 million, while statutory reserves increased to Rs. 506 million from Rs. 335 million. Retained earnings rose to Rs. 3,600 million from Rs. 2,829 million, reflecting the decision to retain all profits (no dividends declared) to bolster capital buffers. The regulatory loss allowance reserve was fully absorbed into retained earnings, aligning with CBSL guidelines. Net assets per share improved to Rs. 30.21 from Rs. 25.80, signaling enhanced shareholder value.

### Asset Quality and Credit Risk Management

Singer Finance's asset quality improved significantly in FY 2024/25, with the Non-Performing Loan (NPL) Ratio dropping to 5.42% from 10.25%, a near 50% reduction. This achievement reflects enhanced credit underwriting, stricter monitoring, and a focused recovery approach. The company's Expected Credit Loss (ECL) model under SLFRS 9 incorporates forward-looking macroeconomic data and robust provisioning practices. Total impairment provisions increased to Rs. 1,384 million from Rs. 1,193 million, with Stage 1 provisions rising to Rs. 201 million and Stage 2 to Rs. 163 million, signaling vigilance against potential credit risks. Stage 3 provisions remained stable at Rs. 1,020 million, with Rs. 43 million in write-offs focused on long-standing delinquencies.

## FINANCIAL CAPITAL

Structural enhancements to credit approval and recovery frameworks included real-time bureau data integration, early warning systems, and digital recovery dashboards. These initiatives, coupled with legal enforcement and restructuring programs, have strengthened the company's risk profile, positioning its NPL ratio favourably against industry benchmarks.

### Liquidity and Funding Strategies

Liquidity management remains a cornerstone of Singer Finance's financial strategy, with a conservative framework that includes cash flow mismatch monitoring, scenario-based forecasting, and diversified funding sources. The Liquid Assets to Total Assets Ratio

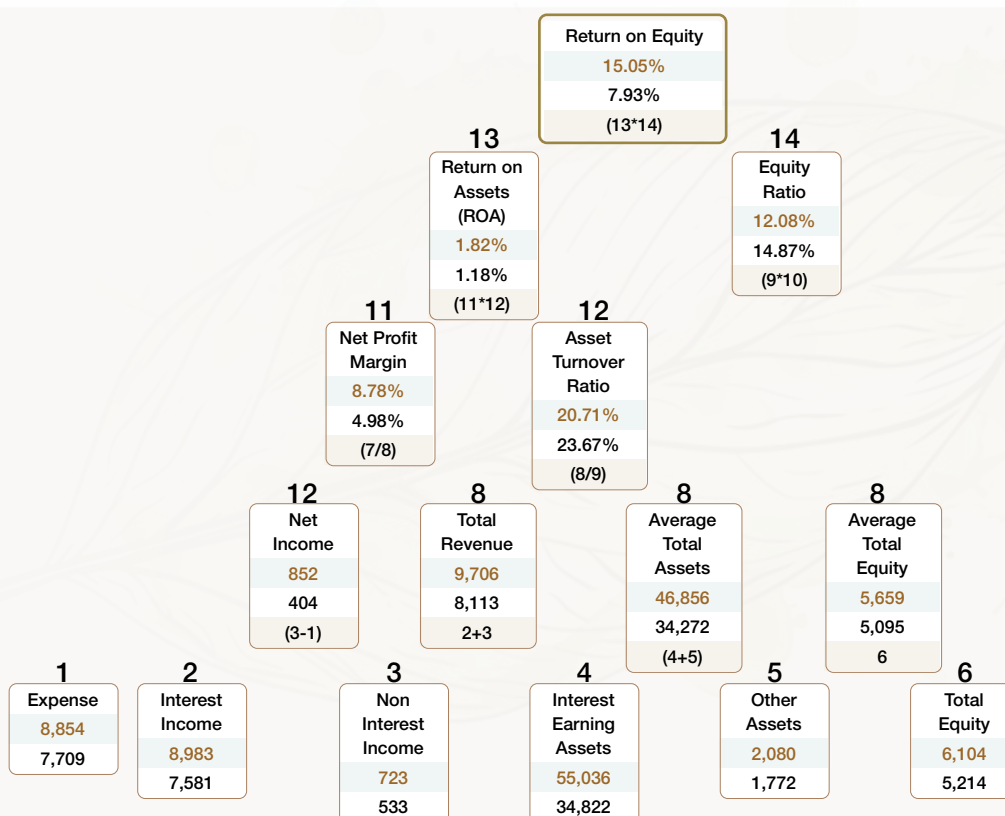
of 24.32% ensures compliance with CBSL requirements, while stress testing confirms resilience under adverse conditions. The deposit base's 27.7% growth and 75% renewal ratio, combined with a diversified funding mix, mitigate short-term funding risks. Strategies to mobilize low-cost funds, such as short-tenor deposits and digital outreach, have optimized liability costs, supporting margin stability.

### Investments and Cost Management

The investment portfolio, valued at Rs. 5,590 million, prioritizes short-duration, low-risk instruments such as bank placements and government securities. These investments

balance yield, liquidity, and capital preservation, contributing to the liquidity buffer. Operating expenses rose by 31% to Rs. 3,237 million, driven by portfolio expansion and technology investments, but the cost-to-income ratio's improvement to 58.7% reflects disciplined cost control. Efficiency initiatives, including automation and procurement centralization, have mitigated inflationary pressures, ensuring sustainable profitability.

### Dupont Analysis (Rs. Mn)



## Future Outlook and Strategic Priorities

Singer Finance (Lanka) PLC stands at a pivotal juncture, poised to harness its financial capital to drive sustainable growth and stakeholder value in FY 2025/26 and beyond.

The company's strategic roadmap is anchored in resilience, innovation, and alignment with the evolving needs of Sri Lanka's financial landscape. Just as the sandalwood tree thrives through careful cultivation, Singer Finance's future outlook is rooted in a disciplined approach to capital management, lending diversification, and digital transformation, ensuring it remains a beacon of stability and progress in a dynamic economic environment. This section outlines the company's comprehensive priorities for strengthening financial capital, enhancing operational efficiency, and delivering long-term value, while navigating macroeconomic challenges and capitalizing on emerging opportunities.

### Strengthening Financial Capital

Singer Finance is committed to bolstering its financial capital through a multifaceted strategy that emphasizes retained earnings growth, capital adequacy, and optimized funding structures. The company aims to sustain its robust profitability, targeting a net profit growth trajectory that builds on the historic Rs. 852 million achieved in FY 2024/25. By continuing to prioritize earnings retention, as evidenced by the decision to forgo dividends in FY 2024/25, Singer Finance will further strengthen its equity base, which stood at Rs. 6,104 million as of 31st March 2025. This approach will enhance the company's ability to absorb potential economic shocks and fund organic growth initiatives without relying on external capital-raising activities.

Capital adequacy remains a cornerstone of the company's financial strategy. Despite a decline in the Tier I Capital Ratio to 10.64% and the Total Capital Ratio to 12.80% in FY 2024/25, both metrics exceed the Central Bank of Sri Lanka's (CBSL) minimum thresholds of 8.5% and 12.5%, respectively. For FY 2025/26, Singer Finance will focus on maintaining these ratios above regulatory requirements, even as it expands its risk-

weighted assets through lending growth. This will involve prudent balance sheet management, including optimizing the allocation of capital to high-yield, low-risk assets and maintaining a healthy reserve base. The company will also enhance its asset-liability management (ALM) practices, leveraging advanced analytics to align asset growth with stable funding sources, thereby ensuring liquidity and solvency under varying market conditions.

Funding optimization is another critical priority. Singer Finance aims to reduce its reliance on high-cost borrowings, which accounted for Rs. 19,508 million of its funding mix in FY 2024/25. The company will continue to diversify its funding sources, with a target to increase the proportion of low-cost deposits, particularly short-tenor fixed deposits, which comprised 57.42% of total funding in FY 2024/25. Strategies such as the digital outreach campaigns will be scaled to attract and retain depositors, while rate optimization tools will dynamically adjust deposit rates to market trends, minimizing liability costs. Additionally, the company will explore innovative funding instruments, such as green bonds and securitized debt, to align with its ESG commitments and tap into cost-effective capital markets.

### Lending Diversification and Revenue Enhancement

Singer Finance's lending strategy for FY 2025/26 is centered on diversification, targeting high-growth segments that balance yield, risk, and sustainability. The company's lending portfolio, which grew by 71% to Rs. 47,616 million in FY 2024/25, will continue to expand, with a focus on three key areas: micro, small, and medium enterprises (MSMEs), green vehicle leasing, and semi-urban markets.

**MSME Financing:** Recognizing the critical role of MSMEs in Sri Lanka's economy, Singer Finance will deepen its engagement with this sector through asset-backed lending and fintech-enabled solutions. The company plans to introduce tailored loan products, such as working capital facilities and equipment financing, with streamlined approval processes supported by credit

scoring and real-time bureau data integration. By leveraging its digital business platforms, Singer Finance aims to reduce turnaround times and enhance accessibility for small businesses, particularly in underserved regions. This initiative is expected to contribute significantly to portfolio growth while fostering inclusive economic development.

**Green Vehicle Leasing:** In response to regulatory incentives and growing environmental awareness, Singer Finance will prioritize electric and hybrid vehicle leasing. Building on the success of its finance lease receivables, which reached Rs. 17,209 million in FY 2024/25, the company will partner with automotive manufacturers and government agencies to offer competitive leasing packages for eco-friendly vehicles. These products will align with the company's ESG goals, supporting Sri Lanka's transition to a low-carbon economy. By FY 2025/26, green vehicle leasing is projected to account for a significant portion of the leasing portfolio, enhancing yield diversification and positioning Singer Finance as a leader in sustainable finance.

### Semi-Urban Market Expansion:

Geographical diversification is a key pillar of Singer Finance's growth strategy. The company will expand its presence in semi-urban and rural areas through a combination of new branch openings and agent-based models. These regions, characterized by rising disposable incomes and untapped financial needs, offer significant potential for small-ticket personal loans and gold loans, which already constitute Rs. 9,710 million of the loan portfolio. By deploying mobile banking solutions and digital onboarding platforms, Singer Finance will enhance access to credit in these markets, driving portfolio growth while maintaining stringent risk controls.

To complement lending growth, Singer Finance will aggressively pursue fee-based income to diversify revenue streams and mitigate interest rate volatility. Building on the 62% increase in fee and commission income to Rs. 612 million in FY 2024/25, the company will introduce new digital financial products,

## FINANCIAL CAPITAL

such as payment gateway services and wallet-based offerings. These products will leverage the company's digital channels to upsell value-added services, including insurance, settlement fees, and transaction-based commissions. Strategic partnerships with fintech firms and e-commerce platforms will further enhance fee income, targeting a year-on-year growth in this segment for FY 2025/26.

### Credit Quality and Risk Management

Maintaining superior credit quality is paramount for Singer Finance, particularly as it scales its lending portfolio. The company's success in reducing the Non-Performing Loan (NPL) Ratio to 5.42% in FY 2024/25, down from 10.25%, sets a strong foundation for future risk management. In FY 2025/26, Singer Finance will implement predictive analytics to identify early delinquency risks, enabling proactive intervention through restructuring programs and digital engagement tools, such as SMS and email-based repayment reminders. The company will also expand its field collection infrastructure, strengthening legal enforcement teams and incentive-based collection initiatives to recover high-value Stage 3 accounts.

The Expected Credit Loss (ECL) model under SLFRS 9 will be further refined, incorporating granular macroeconomic forecasts and real-time portfolio data to ensure accurate provisioning. The increase in Stage 1 and Stage 2 provisions to Rs. 201 million and Rs. 163 million, respectively, in FY 2024/25 reflects heightened vigilance, and this approach will continue to guide provisioning practices. Regular stress testing and sectoral risk assessments will enhance the company's ability to anticipate and mitigate credit risks, ensuring the NPL ratio remains below industry averages.

### Liquidity Management and Resilience

Liquidity management will remain a cornerstone of Singer Finance's financial strategy, with a focus on maintaining

buffers above CBSL's regulatory norms. The Liquid Assets to Total Assets Ratio of 24.32% in FY 2024/25 provides a strong foundation, and the company will target a similar level in FY 2025/26, supported by treasury placements with banks (Rs. 2,777 million in FY 2024/25) and quick-access credit lines. The company will enhance its Asset-Liability Committee (ALCO) governance, adopting scenario-based stress testing to evaluate liquidity under adverse conditions, such as interest rate spikes or deposit outflows. These tests, which demonstrated resilience in FY 2024/25, will be conducted quarterly to ensure preparedness for market volatility.

To further strengthen liquidity, Singer Finance will diversify its funding mix, reducing dependence on securitization loans (22% of funding in FY 2024/25) and increasing retail deposits through targeted campaigns in semi-urban areas. The deposit renewal ratio, which stood at 75% in FY 2024/25, will be maintained through loyalty programs and competitive rate structures, ensuring funding stability. Contingency liquidity plans, including access to interbank markets and standby credit facilities, will provide additional safeguards against short-term funding risks.

### Cost Control and Operational Efficiency

Cost management will be a critical driver of profitability, particularly in an inflationary environment. Despite a 30% increase in operating expenses to Rs. 3,237 million in FY 2024/25, Singer Finance achieved a cost-to-income ratio of 58.7%, down from 74.5%. For FY 2025/26, the company aims to further reduce this ratio through targeted efficiency initiatives. Automation of loan processing and collections, already underway with digital recovery dashboards, will be scaled to reduce manual interventions and operational costs. Branch-level expense controls, including energy-efficient infrastructure and optimized staffing models, will mitigate cost pressures from portfolio expansion.

Centralized procurement and shared service operations will be further streamlined, with a focus on consolidating vendor contracts and leveraging economies of scale. The company will also invest in employee training to enhance productivity, reducing reliance on external consultants and third-party services. These measures will ensure that cost growth remains below revenue growth, preserving margins and supporting sustainable profitability.

### Macroeconomic Outlook and Performance Expectations

The macroeconomic environment in FY 2025/26 is expected to present both challenges and opportunities. Interest rates, which exerted margin pressure in FY 2024/25, are projected to stabilize, albeit at elevated levels. Singer Finance will employ tactical repricing of assets and liabilities to protect its Net Interest Margin, which improved significantly in FY 2024/25. Funding costs are expected to moderate as the company grows its deposit base and optimizes its borrowing mix, reducing the cost of funds relative to asset yields.

Asset growth will remain a priority, with the lending portfolio targeted to grow, driven by MSME financing and green vehicle leasing. Asset quality will be safeguarded through enhanced credit underwriting and recovery frameworks, ensuring the NPL ratio remains below acceptable levels. Profitability is expected to remain strong, with a high Return on Equity (ROE) supported by stable margins, improved credit cost control, and growing fee-based income. The company's Return on Assets (ROA) of 1.82% in FY 2024/25 provides a solid baseline, and incremental improvements are anticipated through operational efficiencies and portfolio optimization.

External risks, such as currency volatility and regulatory changes, will be mitigated through proactive hedging strategies and close engagement with CBSL. The company will also monitor

global economic trends, particularly those impacting Sri Lanka's export and remittance sectors, to adjust its lending and investment strategies accordingly. By maintaining a forward-looking approach, Singer Finance will position itself to capitalize on opportunities, such as increased demand for digital financial services and sustainable financing.

### Digital Transformation and Innovation

Digital transformation is a key enabler of Singer Finance's long-term vision. The company will accelerate investments in technology infrastructure, building on the automated credit scoring and digital lending platforms introduced in FY 2024/25. For FY 2025/26, priorities include the development of a comprehensive mobile banking app, integrating loan applications, repayments, and account management functionalities. This app will enhance customer experience and reduce acquisition costs, particularly in semi-urban markets.

The company will also explore blockchain-based solutions for secure transaction processing and smart contracts, particularly in MSME financing. Artificial intelligence (AI) and machine learning (ML) will be leveraged to enhance credit risk models, predict customer behavior, and personalize product offerings. These innovations will not only drive operational efficiency but also position Singer Finance as a market leader in fintech adoption, attracting tech-savvy customers and investors.

### ESG Integration and Sustainable Value Creation

Singer Finance's commitment to ESG principles will shape its strategic priorities, aligning financial capital management with sustainable development goals. The company will expand its green financing portfolio, targeting an increase in green vehicle leasing and exploring investments in ESG-linked securities, such as green bonds. Sustainability metrics will be embedded in credit approval and investment decisions, ensuring that all new products and initiatives contribute to environmental and social outcomes.

Stakeholder engagement will be strengthened through transparent financial disclosures and regular ESG reporting, building trust with investors, regulators, and customers. The company will also support community development initiatives, such as financial literacy programs for MSMEs and women entrepreneurs, reinforcing its role as a responsible corporate citizen. By FY 2025/26, Singer Finance aims to achieve a measurable reduction in its carbon footprint through energy-efficient operations and paperless processes, aligning with global sustainability standards.

### Long-Term Vision for Financial Capital

Singer Finance's long-term vision is to build a resilient, capital-efficient balance sheet that delivers enduring value to stakeholders, much like the sandalwood tree's lasting fragrance. The company aspires to be a leader in Sri Lanka's financial services sector, recognized for its innovation, customer-centricity, and sustainability. Key elements of this vision include:

- ◆ **Sustainable Asset Growth:** Achieving balanced portfolio growth with a focus on high-yield, low-risk segments, supported by robust risk controls and predictive analytics.
- ◆ **Digital Leadership:** Establishing Singer Finance as a pioneer in digital finance, with a fully integrated ecosystem of mobile banking, fintech partnerships, and AI-driven solutions.
- ◆ **Capital Efficiency:** Maintaining strong capital adequacy and liquidity buffers, ensuring resilience against economic cycles and regulatory changes.
- ◆ **Stakeholder Value:** Delivering consistent returns to shareholders through earnings growth, cost efficiency, and strategic investments, while fostering inclusive growth for customers and communities.

- ◆ **ESG Excellence:** Embedding sustainability in all aspects of operations, from lending and investments to corporate governance, to create lasting social and environmental impact.

To realize this vision, Singer Finance will maintain strong governance, with a Board of Directors and senior management team committed to ethical decision-making and regulatory compliance. The company will also invest in talent development, fostering a culture of innovation and accountability to drive strategic execution. By aligning its financial capital with these principles, Singer Finance will ensure that its growth is not only profitable but also purposeful, creating a legacy of value that endures for generations.

In conclusion, Singer Finance's future outlook and strategic priorities for FY 2025/26 reflect a forward-thinking approach to financial capital management. By focusing on lending diversification, fee-based income, credit quality, liquidity resilience, cost control, digital transformation, and ESG integration, the company is well-positioned to navigate challenges and seize opportunities. With a clear vision and disciplined execution, Singer Finance will continue to grow its financial capital, delivering sustainable value to stakeholders and solidifying its position as a trusted financial partner in Sri Lanka's evolving economy.



## HUMAN CAPITAL

GRI 3-3

At Singer Finance, our **Human Capital** is the driving force behind our strategic ambitions. It represents the capabilities, dedication, and diversity of our people and is nurtured through a structured approach to recruitment, development, wellbeing, and engagement. Our people's agenda is underpinned by fairness, safety, inclusivity, and long-term value creation.

**A SAFE,  
INCLUSIVE  
WORKPLACE**

**A TALENTED,  
ENGAGED  
TEAM**

**NURTURING  
FAIR, ETHICAL  
PRINCIPLES**

### Our Approach

We follow a structured, principle-based approach to managing our human capital, guided by globally recognised frameworks and internal governance policies. Our HR strategy is rooted in the principles of the UN Global Compact, UN Women's Empowerment Principles, and the ethical foundations of our parent entities, Singer (Sri Lanka) PLC and Hayleys PLC.

<b>A Safe, Inclusive Workplace</b>	Promoting gender equality and inclusion:	Enabling equal opportunity through strong policies and practices
	Fostering health, safety and well-being:	Ensuring a safe, supportive, and wellness-focused workplace
<b>A Talented, Engaged Team</b>	Attracting and retaining the right talent:	Nurturing a well-rounded future-ready workforce
	Supporting learning and development:	Driving capability development aligned to strategic transformation
	Nurturing a performance-oriented workforce:	Encouraging results through consistent appraisals and competitive remuneration
	Creating a strong engagement culture:	Strengthening employee engagement and communication
<b>Nurturing Fair, Ethical Principles</b>	Upholding fair labour practices and human rights:	Upholding dignity, respect, and equitable working conditions
	Strengthening ethical culture and governance:	Reinforcing integrity through strong values and a code of conduct

### Trends in 2024 / 25

- ◆ A shift toward tech-enabled HR processes and automation
- ◆ Rising employee expectations around flexibility, recognition, and purpose
- ◆ Increased organisational focus on Diversity, Equity & Inclusion (DEI) and employee wellbeing



#### Challenges

- ◆ Talent attraction amid high industry competition
- ◆ Retention challenges due to generational shifts
- ◆ Engaging a hybrid workforce effectively



#### Opportunities

- ◆ Boosting loyalty through wellness and recognition
- ◆ Bridging skill gaps via internal learning tools
- ◆ Using HR data for smarter workforce planning



#### Risks

- ◆ Attrition in specialised roles
- ◆ Skill gaps in digital transformation
- ◆ Non-compliance with labour or DEI standards
- ◆ Burnout risks from wellbeing gaps



### Strategic Response

- ◆ Improved hiring with structured onboarding and employer branding
- ◆ Ensured fair pay through benchmarking and parity reviews
- ◆ Digitised appraisals with clear KPIs
- ◆ Rolled out new L&D modules on digital, service, leadership, and compliance
- ◆ Expanded engagement events, aligned with MPFG culture
- ◆ Prioritised health and safety with wellness initiatives



### Outcomes

Total employees	New hires	Outsourced staff	Female employees
987	271 (27% recruitment rate)	172	308 (31%)
Employees trained		Total training hours	
896		20,094	
Leadership training participants : 61			

SDGs	Stakeholders	Material Topics
   	 Regulators  Community  Employees	<ul style="list-style-type: none"> <li>◆ Talent Attraction and Retention</li> <li>◆ Employee well-being</li> <li>◆ Diversity, Equity and Inclusion</li> <li>◆ Labour rights and ethical practices</li> </ul>

### Strengths and Competencies

We have built a resilient and performance-driven workforce backed by structured HR systems and a strong culture of service and teamwork.

Key competencies include:

#### Experienced Talent Base



We are powered by a skilled and experienced workforce with deep expertise in financial services. Their domain knowledge and customer understanding are key to our service excellence.

#### Structured Development Pathways



Learning is embedded in our culture through formal training, leadership programs, and clear succession plans that ensure continuity and long-term capability building.

#### Fair and Competitive Rewards



Our remuneration strategy ensures fairness, internal equity, and market competitiveness, with a strong focus on performance-based rewards and career growth.

#### Digitised HR & Performance Tools



We leverage digital systems for payroll, attendance, and appraisal tracking, enabling efficiency, transparency, and data-backed decision-making in people management.

#### Ethical and Inclusive Culture



We maintain zero tolerance for discrimination, child labour, or forced labour, and uphold high ethical standards guided by our code of conduct and regulatory frameworks.

#### Well-being, Inclusion & Belonging



Our culture promotes holistic employee well-being and celebrates diversity. Health, safety, inclusion, and psychological support are priorities across the employee life-cycle.

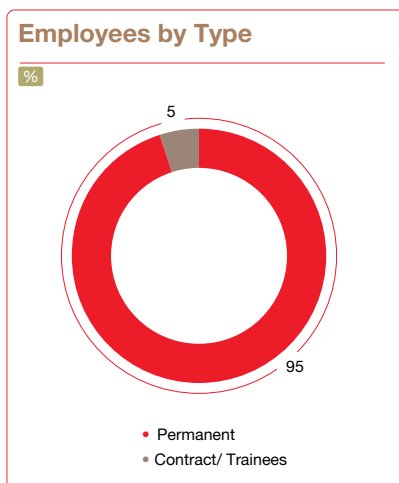
## HUMAN CAPITAL

### A Safe, Inclusive Workplace PROMOTING GENDER EQUALITY AND INCLUSION:

#### A Commitment to Diversity

GRI 405-1, GRI 2-7, GRI 2-8

Our diverse and dynamic team of 987 full-time employees forms the backbone of our organisation. We do not engage part-time staff, ensuring consistency and commitment across all roles. With a healthy balance of age groups, gender representation, and regional spread, we continue to build a workforce that blends experience with fresh perspectives – demonstrating a commitment to equal opportunity and inclusive growth.



Employee Type	No. of Employees
Permanent	936
Contract/ Trainees	51
Total full time employees	987

#### Gender/ Province wise Permanent Employees

Province	Gender		
	Male	Female	Total
Central	52	18	70
Eastern	21	6	27
North Central	37	11	48
North Western	63	23	86
Northern	43	22	65
Sabaragamuwa	18	9	27
Southern	56	15	71
Uva	14	3	17
Western	340	185	525
Total employees	644	292	936

#### Gender/ Province wise Contract / Trainees Employees

Province	Gender		
	Male	Female	Total
Central	5	-	5
Eastern	1	1	2
North Central	1	-	1
North Western	2	1	3
Northern	4	1	5
Sabaragamuwa	-	1	1
Southern	7	1	8
Uva	1	-	1
Western	14	11	25
Total employees	35	16	51

#### Outsourced Employees

Singer Finance engaged 172 outsourced employees across key operational roles during the reporting period. These roles spanned call center operations (Union Place), recovery services, logistics dispatch, security services through Kayjay, janitorial services via CareKleen, and driving and administrative support.

Each outsourced employee, while not directly employed by the company, is considered an integral part of our extended team. These individuals operate under well-defined contracts and service agreements governed by industry standards and regulatory expectations. We ensure that all outsourced staff receive training and orientation on company policies, including the fair and accurate dissemination of product and service information in Sinhala, English, and Tamil—enabling them to represent our brand effectively at every touchpoint.

Their working conditions are regularly monitored for compliance with labor standards, and grievance mechanisms are made available through both the vendor and internal escalation channels. Outsourced staff are also included in select training sessions and recognized for exceptional contributions, reinforcing our inclusive and ethical workplace culture.

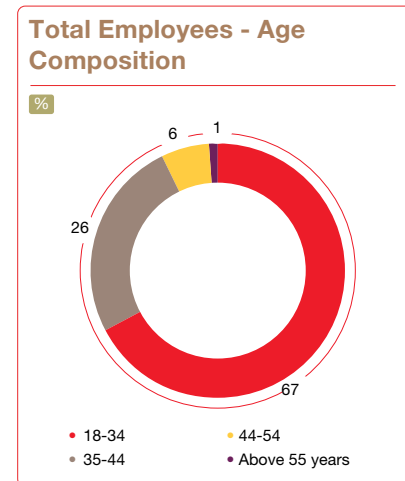
Outsourced Employees Location	Outsourced Employees
Call Centre - Union Place	24
Head Office - Recovery	4
Kayjay (Security)	70
CareKleen (Cleaning)	69
Admin (Dispatch)	1
Admin (Driver)	1
Group Sales	3
<b>Total Outsourced Employees</b>	<b>172</b>

#### Employees by Age, Gender, Designation, and Region

GRI 2-9, GRI 202-2

#### Total Employees - Age Composition

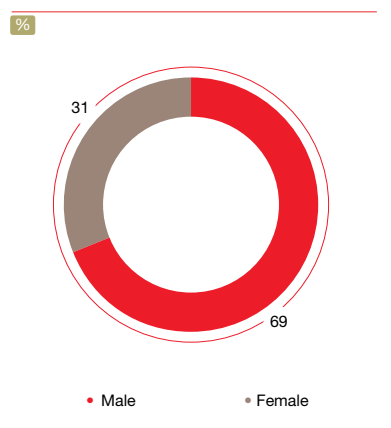
Age Bracket	No. of Employees
18-24	142
25-29	283
30-34	239
35-39	156
40-44	97
45-49	46
50-54	14
Above 55 years	10
<b>Total Employees</b>	<b>987</b>



#### Total Employees - Gender Composition

Gender	No. of Employees
Male	679
Female	308
<b>Total Employees</b>	<b>987</b>

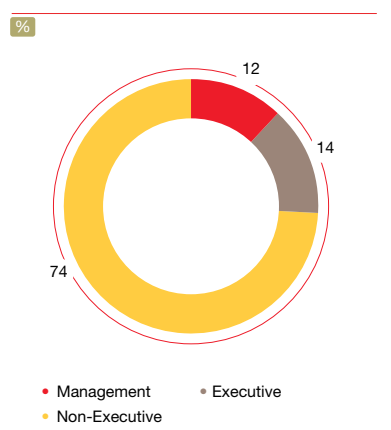
### Gender Composition



### Total Employees - Province Composition

Province	No. of Employees
Central	75
Eastern	29
North Central	49
North Western	89
Northern	70
Sabaragamuwa	28
Southern	79
Uva	18
Western	550
<b>Total Employees</b>	<b>987</b>

### Employment Category



### Age/Gender- analysis by Staff Category

Employee Grade	<29		30-49		>50		Total Employees
	Female	Male	Female	Male	Female	Male	
Key Management	-	-	-	1	-	1	2
Senior Management	-	-	1	4	2	3	10
Assistant General Management	-	-	1	3	-	1	5
Senior Middle Management	-	-	-	3	-	2	5
Middle Management	-	-	2	11	-	1	14
Senior Grade of Junior Management	-	2	-	25	-	2	29
Junior Management	-	2	2	45	1	-	50
Senior Executive	1	-	1	21	-	-	23
Executive	1	5	7	50	1	1	65
Junior Executive	4	10	12	28	-	-	54
Non-Executive	198	244	71	212	3	2	730
<b>Total Employees</b>	<b>204</b>	<b>263</b>	<b>97</b>	<b>403</b>	<b>7</b>	<b>13</b>	<b>987</b>

### Age/Gender – Analysis of Directors

Age Category	<29		30-49		>50		Total Directors
	Female	Male	Female	Male	Female	Male	
Director	-	-	-	1	2	5	8

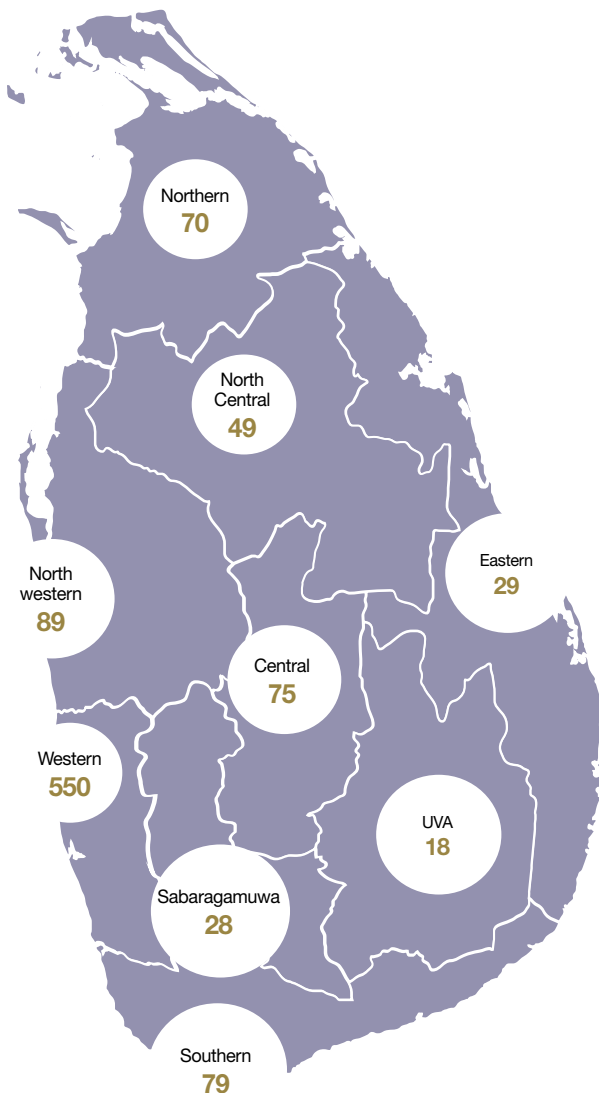
### Total Employees- Designation Level

Designation Level	No. of Employees
Management	115
Executive	142
Non-Executive	730
<b>Total Employees</b>	<b>987</b>

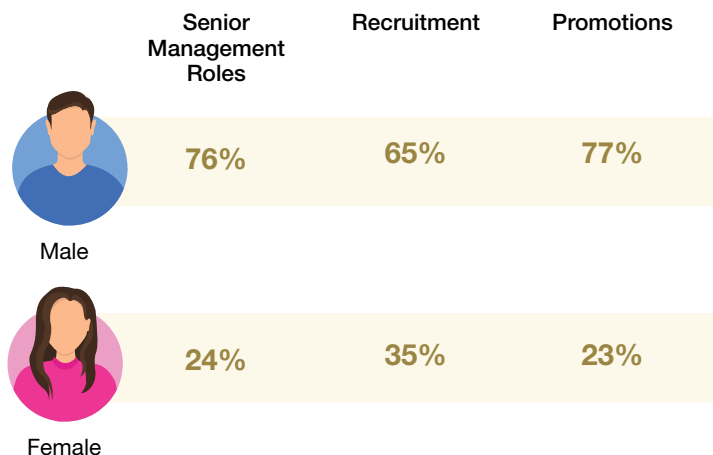
All senior management positions in our organization have been filled by individuals recruited from within Sri Lanka and the local community. Currently, there are no non-resident senior managers.

## HUMAN CAPITAL

### Employees by Region



As part of our gender equality practices, we track representation across key areas such as recruitment, promotions, and senior management roles, as outlined below:



### Gender Representation in Senior Management

Gender	No. of Employees	%
Female	4	24%
Male	13	76%
<b>Total Employees</b>	<b>17</b>	<b>100%</b>

### Recruitment by Gender

Gender	No. of Employees	%
Female	94	35%
Male	177	65%
<b>Total Employees</b>	<b>271</b>	<b>100%</b>

### Promotions by Gender

Gender	No. of Employees	%
Female	52	23%
Male	170	77%
<b>Total Employees</b>	<b>222</b>	<b>100%</b>

### Gender Equality and Diversity Policies

GRI 401-3, GRI 405-2, GRI 406-1

We are committed to fostering an inclusive and respectful workplace where everyone has equal opportunity to thrive.

#### Policy Framework

Aligned with UN Global Compact and UN Women's Empowerment Principles, our policies prohibit discrimination and promote gender parity and equitable growth.

#### Tracking Metrics

A wide range of ratios and inclusion indicators are monitored to identify areas for improvement.

Singer Finance (Lanka) PLC is dedicated to cultivating an equitable and inclusive workplace where remuneration is fair and equal across all employees, irrespective of gender, and where no instance of discrimination is tolerated, underscoring our strong commitment to diversity and inclusion. In FY 2024/25, our remuneration policy maintained a 1:1 ratio of basic salary and total remuneration between women and men, ensuring transparency and fairness in compensation.

For the year, we recorded the total number of employees that were entitled to parental leave, disaggregated by gender. We also monitor parental leave outcomes as part of our broader gender equality and employee retention efforts, with the following data recorded for the year.

Types	April 2024 to March 2025
Employees who took Maternity Leave	9
Returned to Work Post Leave	9
Retained after 12 Months	1

- ◆ Paternity leave has not been requested yet in the year concerned.

### Non-Discrimination

We maintain a zero-tolerance policy toward any form of discrimination on the basis of gender, race, age, or any other factors. No incidents of discrimination or harassment were reported during the 2024/25 reporting period.

### FOSTERING HEALTH, SAFETY AND WELL-BEING

GRI 403-1 to GRI 403-9

#### Nurturing Employee Well-being

Well-being is a core focus, with programs covering physical, mental, and financial wellness.

**Health & Safety:** Mandatory safety induction, safety signage, fire extinguishers, and first-aid kits across branches.

**Wellness Initiatives:** Mental health webinars, counseling access, health screenings, eye clinics, and financial literacy programs were conducted in 2024/25.

#### Support During Challenges:

Financial assistance via staff loans, flexible repayment, and continued benefit access during economic pressures.



## HUMAN CAPITAL

### Maintaining Occupational Health and Safety

Singer Finance (Lanka) PLC remains committed to fostering a safe and healthy workplace for its employees, customers and visitors across its head office and branch network, aligning with its ethos of empathy and care. As a financial institution with no high-risk operational areas, the company prioritizes proactive health and safety measures to safeguard its human capital. In FY 2024/25, we conducted an annual occupational health and safety risk assessment to identify potential hazards, informing a comprehensive health and safety plan implemented company-wide with ongoing monitoring. While a formal Occupational Health and Safety (OHS) system is currently under development, we adhere to all local health and safety regulations, ensuring swift action to address vulnerabilities. Key initiatives include medical OPD coverage, fire training and fire drills, alongside providing insurance coverage to all employees. We are pleased to report no work-related injuries in the year under review, reflecting the effectiveness of our measures. As we progress toward establishing a robust OHS system, Singer Finance continues to prioritize employee well-being, ensuring a secure and supportive work environment.

#### Identified Health and Safety Risks

**Ergonomic Risks:** For office-based staff, due to prolonged computer use and workstation-related strain.

**Operational Safety Risks:** Arising from recovery yard operations and cash handling procedures at branch level.

**Commuting Risks:** Especially for field officers, who face potential hazards while traveling for work.

#### Mitigation Measures and Employee Involvement

**Workplace Safety Induction:** Mandatory safety training is provided to all new joiners to build awareness from the outset.

**Safety Infrastructure:** All branches are equipped with safety signage, fire extinguishers, and first-aid kits.

**Incident Reporting:** A formal mechanism is in place to ensure timely reporting and escalation of safety concerns.

**HSE Training:** Two dedicated Health, Safety, and Environment training sessions were conducted during the year to reinforce safety practices.

**Employee Consultation:** Safety-related feedback and suggestions are actively encouraged through branch managers and the Admin team. Regular audits also include direct employee interviews to assess compliance and gather improvement ideas.



### A Talented, Engaged Workforce

#### ATTRACTING AND RETAINING THE RIGHT TALENT GRI 401-1

We take a strategic and inclusive approach to talent acquisition and retention, driven by our commitment to long-term growth and organisational excellence.

#### Employee Recruitment Composition by Province

Province	No. of Employees
Central	25
Eastern	12
North Central	7
North Western	24
Northern	26
Sabaragamuwa	5
Southern	23
Uva	2
Western	147
<b>Total Employees</b>	<b>271</b>

#### Recruited Employees – Gender Distribution

Gender	No. of Employees
Male	177
Female	94
<b>Total Employees</b>	<b>271</b>

#### Recruited Employees by Designation Level

Designation Level	No. of Employees
Management	16
Executive	12
Non-Executive	243
<b>Total Employees</b>	<b>271</b>

#### Recruitment

- ◆ We recruited 271 new employees this year across all provinces, with a strong emphasis on regional diversity and inclusion at all levels—from non-executives to management.
- ◆ Our recruitment efforts reflect a healthy gender mix and focus on bringing in talent that aligns with our service culture and values.

**271**

employees recruited across the island

#### Employee Turnover:

- ◆ Resignations were recorded across regions, with a 23% overall turnover rate, largely influenced by industry-wide competition and changing work preferences.

**23%**

overall turnover rate

**27%**

Recruitment rate

#### Workforce Tenure:

- ◆ Our workforce spans varying tenure levels, with a significant portion in the 1–5 year range, pointing to a stable yet dynamic employee base.

**43%**

of employees in the 1-5 year tenure range

## Employee Turnover by Gender / Province

Province	Total Employees	Resignations	Turnover Rate %	Total Employees	Resignations	Turnover rate (%)
	Female	Female	Female	Male	Male	Male
Central	18	4	22%	57	21	37%
Eastern	7	-	0%	22	5	23%
North Central	11	1	9%	38	6	16%
North Western	24	6	25%	65	21	32%
Northern	23	5	22%	47	12	26%
Sabaragamuwa	10	-	0%	18	4	22%
Southern	16	2	13%	63	13	21%
Uva	3	-	0%	15	2	13%
Western	196	44	22%	354	80	23%
<b>Total Employees</b>	<b>308</b>	<b>62</b>		<b>679</b>	<b>164</b>	

SUPPORTING LEARNING AND DEVELOPMENT GRI 401-1, GRI 404-2

We invest in continuous learning through structured programs aimed at building capabilities aligned to business transformation.

## Training Delivery

Conducted via in-person sessions, e-learning (Digital Academy), and outbound training. Major areas include compliance, credit, leasing, finance, soft skills, and leadership.

# 20,094

Total training hours

## Leadership Development

High-potential employees are identified using performance/potential metrics and supported with professional qualifications, coaching, and succession plans.

# 20.36

Training hours per employee

Training and development initiatives during the year covered a broad spectrum of functional and strategic areas, including the following:



- ◆ Human Resources & Leadership Development
- ◆ Induction, Orientation & Onboarding
- ◆ Financial Services & Compliance
- ◆ IT & Digital Skills
- ◆ Sales, Marketing & Customer Engagement

- ◆ Certification & Professional Qualifications
- ◆ Cashier & Operational Training
- ◆ Legal, Regulatory & Risk
- ◆ Safety, Security & Technical
- ◆ Performance & Strategy

## HUMAN CAPITAL

### Average Training hours by Province

Department	Head Count	Training hours	AVG Training Hours
Administration	6	19	3
Audit	10	100	10
Call Center	3	245	82
CEO's Office	3	14	5
Compliance	4	5	1
Credit	8	276	35
Deposits	46	242	5
Finance	102	1,183	12
Gold Loan	164	1,194	7
Group Sales	28	34	1
Human Resources	10	282	28
Information Technology	16	99	6
Legal	6	15	3
Marketing	278	12,598	45
Operations	196	1,985	10
Recovery	97	1,543	16
Risk And Compliance	2	24	12
Treasury And Financial Services	8	239	30

### NURTURING A PERFORMANCE-ORIENTED WORKFORCE

GRI 401-2, GRI 404-3

#### Performance Management and Recognition

A merit-based approach ensures that performance is fairly assessed, and rewards are aligned to both individual and business outcomes.

- ◆ **Appraisal Framework:** Annual and mid-year reviews supported by KPI-based scorecards and digital HRIS systems.
- ◆ **Remuneration Practices:** Benchmarked periodically to ensure internal equity and market competitiveness, with outcomes linked to promotions, increments, and training nominations.

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

### Average Training hours by Gender

Gender	Head Count	Training hours	AVG Training Hours
Male	679	16,656	25
Female	308	3,438	11
Total	987	20,094	

- ◆ **Recognition:** Employees of the Month, Branch recognitions, Long Service Awards, and the LEAD development awards foster motivation.

#### Benefits and Rewards

As part of our commitment to holistic employee well-being, we continued to offer a comprehensive suite of benefits outlined below. The organisation also offers staff loans, adjustable repayment plans and uninterrupted access to benefits amid challenging economic conditions.

Financial Benefits	Distress Loans, Interest free vehicles loans
Medical Benefits	Rs. 33 Mn - Reimbursement of Medical expenses, hospitalisation cover to staff and immediate family members
Educational Benefits	Rs. 3.3 Mn
Retirement Benefits	Rs. 14.9 Mn
Life Insurance & Disability Cover	Rs. 5.3 Mn

### CREATING A STRONG ENGAGEMENT CULTURE

GRI 2-30

#### Employee Engagement

We recognise that engaged employees are key to organizational success, and we continue to invest in initiatives that foster motivation, connection, and commitment.



#### Transparent Communication

Business goals, plans, and KPIs are shared at the beginning of each year to ensure alignment and clarity across teams.



#### Employee Recognition

The "Best Employee of the Month" initiative, launched in 2023/24, continued with award ceremonies held in 2024.



#### Employee Feedback

An internal satisfaction survey was conducted to gather insights on welfare, performance management, and employee-management relationships.



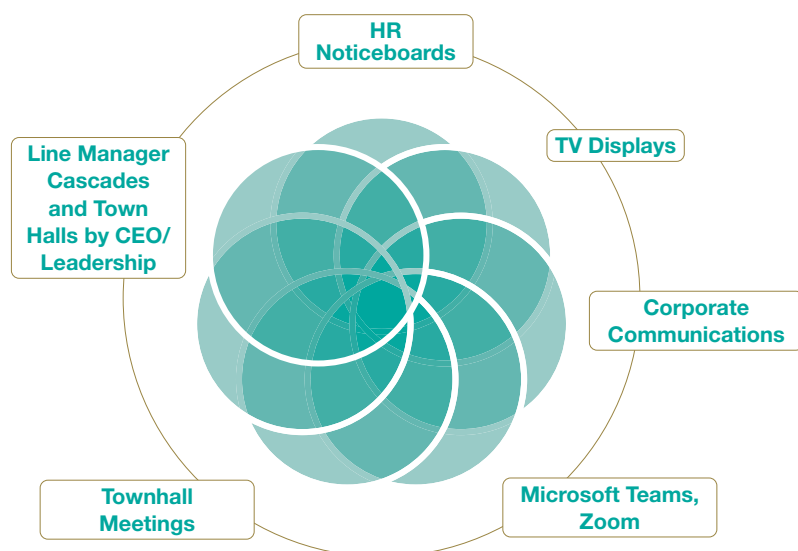
#### Direct Engagement Activities

Multiple initiatives were carried out throughout the year to promote team spirit, boost morale, and enhance employee-employer relationships.

## Communication Channels

GRI 402-1

We continue to prioritise effective communication to keep all employees informed and connected, via diverse channels outlined below:



### Annual Service Awards and Recognition Ceremony



This annual ceremony honours long-serving employees for their dedicated years of service and contributions to Singer Finance. It fosters a culture of loyalty and appreciation, inspiring peers through recognition of commitment and excellence.

### Annual Gents' and Ladies' Picnic



Organised separately for male and female staff, these outings are designed to promote camaraderie and work-life balance. The picnics offer a relaxed environment for employees to bond beyond work, boosting morale and fostering team spirit.

### Christmas Party and New Year Celebration



Held annually during the festive season, this celebration brings together employees in a spirit of joy and gratitude. The event strengthens interpersonal relationships and cultivates a sense of belonging and celebration across departments.

## Freedom of Association and Collective Bargaining

The Company does not prohibit employees' right to freedom of association or collective bargaining. At present, the organisation does not have any formal collective bargaining agreements or trade unions in place.

We transparent and respectful labour/management relations, ensuring employees are well-informed of significant operational changes to foster trust and stability. In FY 2024/25, our policy mandates a minimum notice period of two months for general staff and three months for management staff regarding any significant operational changes, such as restructuring or policy updates. These notice periods, clearly communicated through formal channels and employee consultations, provide ample time for staff to adapt and engage with management, aligning with our commitment to ethical workplace practices and the "Make People Feel Great" ethos. This approach supports a collaborative work environment, reinforcing employee confidence and contributing to sustainable organizational success.

The following initiatives were implemented as part of our employee engagement strategy throughout the year:

### Employee of the Month Recognition



This monthly recognition initiative highlights outstanding individual contributions and performance. It serves as a motivational tool, encouraging healthy competition and reinforcing a performance-driven culture.

## HUMAN CAPITAL

### Coffee with CEO Program



As part of this unique initiative, the CEO personally visited branches to engage in casual, non-work-related conversations with staff. This effort bridged hierarchical gaps, encouraged open dialogue, and deepened the sense of inclusion and accessibility within the company.

### Annual Community Event – Ice Cream Dansala for Vesak Poya



To mark the Vesak Poya holiday, Singer Finance organises an Ice Cream Dansala as a community initiative. It reflects the company's commitment to giving back to society while strengthening the values of compassion and unity.

### Annual Great Place to Work Survey



This annual engagement survey enables the company to gather honest, confidential feedback from employees. Insights gained help drive HR strategies, improve employee experience, and reinforce our pursuit of a high-trust, high-performance workplace.

### Mercantile FHA Sports Event



Singer Finance actively participates in the Mercantile FHA Sports Events, encouraging employees to represent the company in multiple sporting disciplines. It promotes teamwork, wellness, and pride in wearing the Singer Finance colours on competitive platforms.

### Premier League Cricket – Mercantile Cricket Tournaments



Our representation in these high-profile cricket tournaments provides talented cricketers within the company an opportunity to compete at a prestigious level. It not only showcases sporting talent but also builds camaraderie and brand presence in corporate sporting circles.

### One-on-One Meetings and Skip-Level Discussions



These sessions provide employees with direct access to senior leadership beyond their immediate supervisors. It encourages transparent feedback, nurtures career development, and ensures employee voices are heard at strategic levels.

### CEO's Challenge Trophy



Conducted for the third consecutive year, the CEO Challenge Trophy is a cricket tournament that fosters team spirit and friendly competition. It offers employees a platform to relax, bond, and exhibit their sporting talent, highlighting the organisation's commitment to holistic engagement.

### Employee Forums and Team Outings



Organised across various departments, these forums and outings facilitate open communication and relationship building. They serve as platforms for addressing concerns, sharing ideas, and strengthening collaboration in an informal, enjoyable setting.

## Fostering Community Engagement

Our CSR programs, under the initiative 'සත්කාර', reflect our commitment to giving back to the community and creating positive social impact through various initiatives throughout the year.

- ◆ Blood Donation Drive at Kadawatha Branch
- ◆ Establishment of a Computer Lab at Kuliyaipitiya Horathapola Mahanama College
- ◆ Contribution of a Sound System to the Civil Service Department
- ◆ Organizing an Eye Care Clinic Program

## Response to Economic Challenges

We adopted cost-efficient strategies while prioritizing employee welfare amid ongoing economic pressures.

### Cost Optimisation Measures

Introduced energy-saving initiatives across branches.  
Adopted hybrid (virtual + in-person) training to reduce costs.  
Streamlined procurement of administrative supplies.

### Employee Support Initiatives

Extended financial support through staff loans with flexible repayment.  
Continued all employee benefits without interruption.  
Provided counseling sessions and mental health webinars.

## Nurturing Fair, Ethical Principles

GRI 2-25

### UPHOLDING FAIR LABOUR PRACTICES AND HUMAN RIGHTS

#### Labour Ethics & Compliance

We remain unwavering in our commitment towards respecting and protecting human rights, in alignment with international declarations and conventions. These rights—rooted in dignity, fairness, and equality—are fundamental to the way we operate. We actively uphold the principles of the

Universal Declaration of Human Rights, ensuring that every individual is treated with respect and equality, regardless of their background.

We view respect for human rights as a moral responsibility and a legal duty essential to building a just and fair society. In line with this commitment, we strictly prohibit all forms of child labour and forced labour across our operations and supply chains. Guided by these principles, we continue to advocate for human rights and work toward a more equitable and compassionate world.



### Zero Tolerance for Child/Forced Labour:

Strict adherence to human rights standards is enforced via policy and monitoring.



### HR Policies:

Includes Recruitment, Sexual Harassment, Grievance Handling, Manpower Planning, and Disciplinary Policies.



### Grievance Mechanisms:

An anonymous hotline and a structured grievance resolution process are in place to ensure concerns can be reported without fear of retaliation or negative consequences. No major grievances were reported during the year.

## HUMAN CAPITAL

### Strengthening an Ethical Culture and Good Governance: GRI 2-23

In addition to aligning with global frameworks and implementing both Group-wide and Company-specific policies, we place a strong emphasis on fostering core values within our workforce that reflect our purpose and culture. As a subsidiary of the Hayleys Group, Singer Finance adheres to The Hayleys Way—an ethical code that serves as a guiding framework for all employees, including key management personnel. This code clearly defines the expected standards of conduct across the Group and is embedded into the onboarding process. All new employees undergo orientation training, typically within their first month, which reinforces these principles and includes clear guidance on anti-corruption measures and the policy on gifts.

- ◆ **Recruitment and Selection:** Ensures fair and merit-based hiring processes.
- ◆ **Policy for Relative Employment:** Promotes unbiased recruitment by managing familial relationships.
- ◆ **Access Control:** Enhances security and fraud prevention through restricted access measures.
- ◆ **Sexual Harassment:** Provides a safe workplace with clear protocols for reporting and resolution.
- ◆ **Grievance Handling:** Offers a structured process for addressing employee concerns transparently.
- ◆ **Dress Code:** Reinforces professionalism through standardized attire guidelines.
- ◆ **Manpower Planning:** Aligns workforce needs with organizational goals.
- ◆ **Training and Development:** Supports skill enhancement through targeted programs.
- ◆ **Disciplinary Action:** Maintains accountability with fair disciplinary procedures.
- ◆ **Offboarding:** Ensures smooth and respectful employee exits.
- ◆ **Leave and Attendance:** Promotes work-life balance with clear leave policies.
- ◆ **Rewards and Bonuses:** Incentivizes performance through monetary and recognition programs.
- ◆ **Performance Evaluation:** Drives growth with regular, objective assessments.
- ◆ **Job Rotations and Transfers:** Enhances career mobility and skill diversification.
- ◆ **Promotions:** Rewards merit with transparent advancement opportunities.
- ◆ **Employee Educational Aid Scheme:** Supports professional development through educational funding.
- ◆ **Cash and Non-Cash Benefits:** Enhances employee satisfaction with comprehensive benefits.
- ◆ **Remuneration Policy for Employees and Appointed Agents:** Ensures competitive and fair compensation.
- ◆ **Medical and Hospitalization Reimbursement Policy:** Provides financial support for healthcare needs.
- ◆ **Staff Loans Policy:** Offers accessible financial assistance to employees.
- ◆ **Compulsory Leave Policy to Avoid Fraud:** Mandates leave to mitigate operational risks.
- ◆ **Internal Code of Business Conduct and Ethics for All Directors and Employees:** Upholds ethical standards across the organization.

The Company also adheres to a comprehensive set of internal policies, including those outlined in the Corporate Governance Report, to ensure ongoing oversight and effective management of employee-related matters.

#### UN GLOBAL COMPACT:

Endorses 10 universally accepted principles in the areas of Human Rights, Labour, Environment, and Anti-Corruption.

#### UN WOMEN'S EMPOWERMENT PRINCIPLES (WEPS):

A global framework to promote gender equality and women's empowerment in the workplace.

### Future Outlook

By aligning people strategies with business goals, we aim to drive sustained growth while nurturing a positive, high-performance culture.



Risks	Opportunities
Attrition due to increasing market demand for skilled finance professionals	Leverage internal talent for leadership roles through structured succession planning
Burnout risk and morale challenges in a hybrid environment	Expand data-driven HR analytics for better forecasting and engagement
Rising expectations around flexible work policies and career progression	Strengthen partnerships with educational institutes to access future-ready talent

## Vision for Human Resources

Our HR roadmap is guided by a clear vision: to build a future-ready, inclusive, and agile workforce that fuels organizational growth. Our priorities are mapped across three horizons:

### Short-term (2025/26):

Complete HRIS rollout across all employee categories

Strengthen talent analytics and reporting capabilities

Focused upskilling in compliance and digital literacy

### Medium-term (2026–2028):

Develop strong leadership pipelines and succession plans

Promote a culture of continuous feedback

Scale up e-learning and on-demand development tools

### Long-term (2028 onwards):

Transform into a digital-first, agile HR function

Champion diversity, equity and inclusion across all levels

Establish Singer Finance as an employee of choice in the NBF sector

## Strategic Priorities for Financial Year 2025/26

At Singer Finance (Lanka) PLC, our people are the heartwood of our organization, much like the sandalwood tree whose strength and fragrance emanate from its core. Our human capital is the foundation of our sustainability journey, driving purpose, resilience, and innovation. In Financial Year 2025/26, we are committed to cultivating a workforce that is empowered, diverse, and equipped to lead in a rapidly evolving world. Our strategic priorities for human capital reflect this vision, focusing on leadership development, diversity and inclusion, learning and development, and holistic well-being. Each priority is a seed planted to nurture a thriving, sustainable future for our employees and the communities we serve.

- ◆ **Building Future Leadership Pipelines Through Enhanced Succession and Mentoring**  
To ensure the enduring strength of our organization, we are dedicated to cultivating a robust pipeline of future leaders who embody our values of purpose and responsibility. Our enhanced succession planning will identify high-potential employees across all

levels, providing them with tailored development paths to prepare for leadership roles. This will include structured mentoring programs, where seasoned leaders share insights on strategic decision-making, ethical governance, and sustainability integration. Through one-on-one coaching and cross-functional exposure, mentees will gain a holistic understanding of our business, fostering agility and vision. Like the sandalwood tree, which grows steadily to anchor its ecosystem, our leadership programs will nurture individuals who will guide Singer Finance with resilience and foresight, ensuring continuity and impact for generations.

- ◆ **Reinforcing Diversity, Equity, and Inclusion Through Women-in-Leadership Programs and Inclusive Workplace Practices**  
Diversity, equity, and inclusion (DEI) are the roots that enrich our organizational culture, enabling us to thrive in a dynamic world. In Financial Year 2025/26, we will strengthen our DEI commitment by launching targeted women-in-leadership programs to empower female employees to ascend to senior roles. These programs will offer leadership training, networking opportunities, and mentorship from industry experts, addressing barriers and fostering confidence.

Additionally, we will enhance inclusive workplace practices by embedding DEI principles into recruitment, promotions, and daily operations. This includes unconscious bias training, equitable performance evaluations, and employee resource groups that celebrate diverse identities. By nurturing an environment where every voice is valued, we mirror the sandalwood tree's ability to enrich its surroundings, creating a workplace that reflects the diversity of the communities we serve.

- ◆ **Expanding Learning and Development Footprint to Cover AI, Analytics, ESG, and Digital Finance**  
In a world shaped by rapid technological and environmental change, our employees must be equipped with cutting-edge knowledge and skills. We will expand our learning and development (L&D) footprint to include specialized training in artificial intelligence (AI), data analytics, environmental, social, and governance (ESG) principles, and digital finance. Through the Singer Finance Digital Academy and partnerships with leading institutions, we will offer immersive courses, such as AI-driven customer insights, predictive analytics for risk management, and ESG frameworks for sustainable financing. Hands-on workshops and certifications will

## HUMAN CAPITAL

empower employees to innovate in product development and enhance operational efficiency. Like the sandalwood tree, which adapts to its environment while remaining steadfast, our L&D initiatives will cultivate a workforce that is agile, informed, and ready to lead in a sustainable, digital future.

- **Driving Holistic Well-Being with Mental Health Support, Ergonomic Improvements, and Flexible Benefits**

The well-being of our employees is the sap that sustains our organization's vitality. In FY 2025/26, we will drive holistic well-being by prioritizing mental, physical, and financial health. We will introduce comprehensive mental health support programs, including access to counseling services, stress management workshops, and mindfulness sessions to foster resilience. Ergonomic improvements, such as adjustable workstations and optimized office layouts, will enhance physical comfort and reduce workplace strain. Additionally, we will offer flexible benefits tailored to diverse needs, such as wellness stipends, parental support, and customizable insurance plans. By creating a nurturing environment that supports the whole person, we ensure our employees thrive, much like the sandalwood tree that flourishes through careful tending, spreading its fragrance of vitality across our organization.

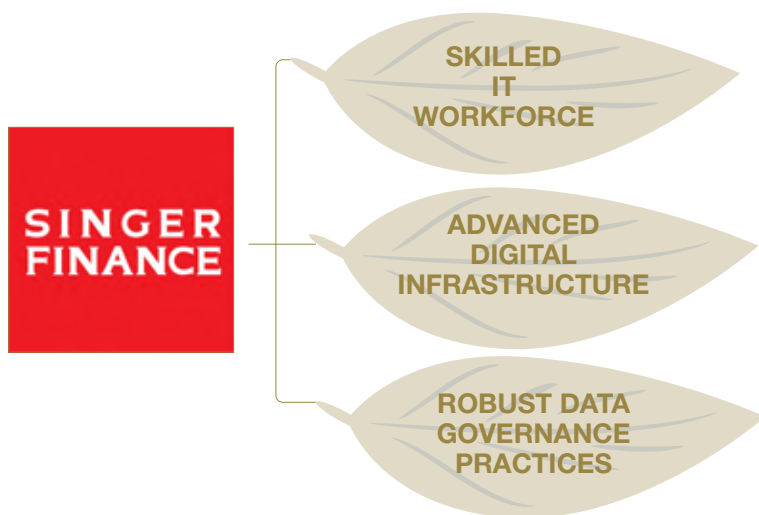
These strategic priorities for human capital are a testament to our belief that a thriving workforce is the cornerstone of a sustainable future. By investing in leadership, diversity, learning, and well-being, we are nurturing a culture that is as resilient and impactful as the sandalwood tree. Together with our employees, we will continue to plant seeds of positive change, fostering a legacy of purpose, inclusion, and innovation at Singer Finance.





## INTELLECTUAL CAPITAL

Our Intellectual capital comprising of the knowledge, innovation, and technological capability embedded across the organization, our framework is driven by three pillars:



At Singer Finance, intellectual capital is our strategic asset refined through experience, guided by empathy, and shaped by our ethos “We Feel You and Make People Feel Great.”

Like sandalwood, which yields its rare essence when engaged, our insights emerge through meaningful customer interactions and deep understanding.

This knowledge is embedded in our systems, shared across teams, and applied to drive innovation, improve service, and support sustainable growth. Our intellectual capital doesn’t just inform it feels, adapts, and endures. It empowers us to anticipate needs, respond with relevance, and build lasting value in a rapidly evolving financial landscape.

### Our approach GRI 3-3

Singer Finance takes a structured and forward-looking approach to Intellectual Capital management, emphasizing the following key aspects.

<b>Brand heritage and trust:</b>	Building on the legacy of the Singer brand and the strength of Hayleys PLC to deepen stakeholder confidence.
<b>Digital transformation:</b>	Driving digital initiatives to strengthen operational agility and customer convenience.
<b>Cybersecurity and data governance:</b>	Upholding robust systems to ensure data integrity, privacy, and regulatory compliance.

## INTELLECTUAL CAPITAL

<b>Innovation and process improvement:</b>	Fostering a culture of continuous improvement to enhance service delivery and competitiveness.
<b>Customer-centricity:</b>	Delivering empathetic, flexible solutions tailored to evolving customer needs.
<b>Operational excellence:</b>	Streamlining processes to increase efficiency and improve the overall service experience.
<b>Long-term value creation:</b>	Aligning all intellectual capital efforts with sustainable growth and ethical business practices.

### Strengths and Competencies

Singer Finance's intellectual capital lies in its core strengths, built over time to drive growth and long-term value. These capabilities help the company adapt to change and deliver value to stakeholders.

#### Brand & Corporate Support



The long-standing trust associated with the Singer brand and support from Hayleys PLC enhance credibility and customer confidence.

Singer Finance continued to benefit from the strong brand equity of its parent brands, Singer and Hayleys PLC, both of which are synonymous with trust, credibility, and legacy in Sri Lanka. This established reputation provided a solid foundation for customer retention and market competitiveness. During

the year, the launch of the emotional branding platform, "We Feel You," marked a significant strategic shift in the Company's brand positioning. This initiative repositioned Singer Finance as a customer-first, emotionally intelligent brand—moving beyond transactional relationships to foster deeper emotional connections with its stakeholders. Complemented by the strategic and operational support of Hayleys PLC, including shared services, governance oversight, and financial stability, the Company remains well-positioned to deliver long-term value while maintaining its identity as a trusted and empathetic financial partner.



FB Followers

**78K**  
**72K Likes**



Tik Tok Followers

**47K**  
**146K Likes**



Instagram Followers

**1,252**  
**Followers**



#### Workforce & Operational Excellence



Skilled and motivated employees drive operational excellence, ensuring personalized solutions. Knowledge-sharing practices and standardised workflows maintain quality and operational consistency.

#### Experienced and service-oriented workforce

At the core of Singer Finance's success is a team of dedicated professionals who bring deep expertise and a strong service

orientation to every customer interaction. Continuous investments in training and development ensure that employees remain agile and responsive to the dynamic needs of the financial services sector. Their commitment to personalized service delivery is instrumental in building enduring customer relationships and maintaining high satisfaction levels.

#### Structured knowledge management and process discipline

Singer Finance upholds a robust framework of institutional knowledge

and operational discipline. Through centralized documentation, knowledge-sharing sessions, and structured handover processes, best practices are preserved and transferred across teams. Standardized workflows and process automation initiatives such as IFRs, impairment automation and the introduction of a self-service IT helpdesk have driven consistency, reduced manual errors, and improved turnaround times.

### Structured Knowledge Management and Process Discipline

Like the sandalwood tree, which thrives through careful nurturing, Singer Finance cultivates a robust framework for institutional knowledge and operational discipline. Our structured knowledge management practices ensure that expertise and best practices are preserved and shared seamlessly across the organization. Centralized documentation on internal knowledge portals captures detailed records of IT systems, operational procedures, and project learnings. Regular cross-functional knowledge-sharing sessions and technical walkthroughs foster collaboration, enabling teams to leverage collective insights. Structured handover processes for key projects ensure continuity, minimizing disruptions during transitions.

Process discipline is further enhanced through automation and standardized workflows. In FY 2024/25, we implemented the IFRs.Impairment automation project, aligning calculations with Central Bank of Sri Lanka (CBSL) guidelines to reduce manual errors and enhance compliance. The introduction of a self-service IT helpdesk portal streamlined internal IT requests, significantly reducing turnaround times and empowering employees to resolve issues efficiently. These initiatives have driven consistency, improved operational agility, and reinforced data integrity, ensuring our IT systems remain

scalable and secure to support business continuity and service excellence.

### Advanced IT Infrastructure and Systems

Our IT ecosystem is the backbone of our operations, modernized to align with our long-term digital transformation roadmap. In FY 2024/25, we undertook significant infrastructure enhancements to bolster system resilience, performance, and cybersecurity. Key initiatives included:

- ◆ **Server Migration:** We upgraded our server infrastructure to the latest technologies, overcoming significant challenges to enhance performance, stability, and security. This upgrade was pivotal in supporting our digital transformation goals, enabling faster processing and greater scalability.
- ◆ **Firmware Upgrades:** Core firewalls and network switches received firmware upgrades, strengthening network stability and addressing known vulnerabilities to ensure robust perimeter defense.
- ◆ **Endpoint Security Improvements:** We implemented advanced endpoint protection tools across all workstations and servers, enhancing malware detection, device control, and automated response capabilities.
- ◆ **Veeam Backup Solution Deployment:** This initiative bolstered data resilience, ensuring rapid recovery and minimal downtime in the event of disruptions.

- ◆ **Zabbix Network Monitoring:** We deployed Zabbix for centralized, real-time network monitoring across all branches, improving visibility into network health and reducing incident response times.
- ◆ **IT Helpdesk Implementation:** The self-service IT helpdesk portal empowered employees to address IT issues independently, enhancing operational efficiency.

Strategic integrations further streamlined operations. Integration with Sampath Bank and NDB enabled real-time fund transfers for supplier payments, while CRIB API integration with our core banking system improved credit evaluations by providing access to comprehensive credit data. The DRP integration enhanced operational reliability, and the DFCC i-connect integration, currently underway, is optimizing the cash reimbursement process. Monthly core banking system upgrades, coupled with an application control review and user access review, strengthened access governance and performance, ensuring compliance and efficiency.

These enhancements have delivered measurable benefits, including improved operational efficiency, reduced downtime, and enhanced customer convenience through faster, more reliable services. By modernizing our IT infrastructure, we have created a resilient foundation that mirrors the sandalwood's enduring strength, supporting our growth and sustainability objectives.



## INTELLECTUAL CAPITAL

### Technology & Innovation



Scalable and secure IT systems ensure business continuity, service delivery, and data integrity.

Use of data analytics and customer feedback loops helps tailor offerings and improve service experiences.

### Customer-Centric Insights and Analytics

Leveraging advanced analytics and emerging technologies like machine learning (ML), Singer Finance has transformed data into a powerful tool for customer engagement and operational excellence. In FY 2024/25, we completed the evaluation phase of our data analytics

and ML initiatives and are finalizing their implementation. Key use cases include:

- ◆ **Credit Worthiness Assessment for Gold Loans:** ML models analyze historical and behavioral data to assess borrower risk profiles accurately, reducing default rates and improving portfolio quality.
- ◆ **Customer Churn Prediction:** Predictive analytics identify at-risk customers early, enabling proactive retention strategies that strengthen loyalty.
- ◆ **Hyper-Personalization:** ML-driven insights deliver tailored product recommendations and communications based on customer preferences and behaviors, enhancing engagement and cross-sell opportunities.

Continuous feedback loops and digital behavior tracking inform product development, allowing us to anticipate and respond to evolving customer needs. The migration of all staff email systems to IceWarp within two months improved communication and collaboration, enhancing user experience and supporting customer-facing teams. Automated email notifications for business processes further streamlined customer interactions, ensuring timely updates and greater convenience.

These innovations have driven stronger customer retention, improved lending decisions, and increased service relevance, creating a ripple effect of value that resonates with the sandalwood's ability to enrich its surroundings.

Our commitment to sustainability extends beyond environmental stewardship to encompass digital and operational resilience. Energy-efficient infrastructure, such as optimized servers and smart cooling systems, reduces our carbon footprint while ensuring cost efficiency. Robust data governance practices, including regular compliance reviews of CBSL guidelines and user access audits, strengthen our regulatory adherence and audit readiness.

Our cybersecurity framework is a cornerstone of this commitment, built on a layered defense strategy.

Next-generation firewalls, intrusion prevention systems (IPS), and endpoint detection and response (EDR) tools provide real-time threat mitigation. Our 24/7 Security Operations Center (SOC) enables continuous monitoring, threat hunting, and rapid incident response, ensuring business continuity. Regular vulnerability assessments, penetration testing (VAPT), and patch management keep our systems secure against known exploits. In FY 2024/25, we introduced proactive cybersecurity measures, including:

- ◆ **Advanced Endpoint Protection:** Enhanced malware detection and automated response capabilities.
- ◆ **Network Segmentation:** Contained potential threats by protecting critical zones.
- ◆ **Security Baseline Hardening:** Reinforced secure configurations across key infrastructure.
- ◆ **Zabbix Monitoring:** Provided real-time visibility into network health.
- ◆ **Firewall and Switch Upgrades:** Strengthened perimeter defense and network stability.

These measures resulted in zero data breaches, zero personal data breaches, and no account holders affected in FY 2024/25 and FY 2023/24, reflecting our robust security posture. Monthly Security Steering Committee meetings, held on the third Thursday, ensure senior-level oversight, with KPIs such as system uptime and cybersecurity incident rates tracked to align with our intellectual capital goals.

Employee awareness is integral to our security culture. We conducted a company-wide phishing simulation campaign, delivered the LEAD

cybersecurity certification program, integrated cybersecurity orientation for new joiners, and rolled out an IT Awareness Session Series covering data handling, secure access, and incident reporting. These initiatives foster a vigilant workforce, ready to protect our digital assets.

### Digital Transformation and Customer Journeys

Singer Finance is steadily advancing along its digital transformation roadmap, with FY 2024/25 marking significant milestones in automation, customer-facing services, and infrastructure

modernization. We digitalized key customer journeys, including self-registration for online banking, debit card requests, and loan lead generation, enhancing convenience and accessibility. The upcoming launch of an e-wallet in FY 2025/26, featuring 100% digital, non-face-to-face onboarding, will further revolutionize customer interactions.

Customer adoption of our online banking platform has grown noticeably, with increased usage for fund transfers, bill payments, and loan settlements. Self-service features and digital onboarding have reduced service delivery times,

boosting satisfaction across digital channels. Scalable IT platforms and agile data infrastructure have enabled faster product rollouts and improved market responsiveness, supporting our growth objectives.



### Training, Upskilling, and Digital Literacy

To sustain our intellectual capital, we invest in our IT workforce's development. In FY 2024/25, we provided targeted training programs to enhance digital literacy and cybersecurity awareness:

- ◆ **Cloud Fundamentals Workshops:** Select IT staff gained foundational knowledge of cloud architectures, preparing them for future cloud-based initiatives.
- ◆ **AI and Digital Tools Awareness Sessions:** These sessions enhanced digital fluency across departments, fostering innovation.
- ◆ **Cybersecurity Training:** The LEAD certification program, phishing simulations, onboarding orientations, and IT Awareness Session Series equipped employees with skills in data protection and incident response.

These programs ensure our workforce remains agile and prepared to navigate an evolving technological landscape, much like the sandalwood tree adapting to its environment.

### Intellectual Property and Knowledge Management

While no trademarks or patents were registered in FY 2024/25, our in-house IT team developed custom-built automation scripts, dashboarding tools, and process monitoring solutions tailored to our

operations. These proprietary tools, maintained internally, enhance efficiency and reduce reliance on third-party solutions, contributing to our operational agility.

### Performance Metrics and Achievements

We track key performance indicators (KPIs) such as system uptime, cybersecurity incident rates, customer digital adoption, and cost savings from automation, with regular updates reviewed at Integrated Risk Management Committee (IRMC) and Security Steering Committee meetings. Major achievements in FY 2024/25 include:

- Successful server infrastructure upgrade, overcoming challenges to support digital transformation.
- Zero data breaches, reflecting our robust cybersecurity framework.
- Increased customer adoption of digital channels, enhancing convenience and satisfaction.
- Operational efficiency gains through automation, such as IFRs, impairment and self-service IT helpdesk.

Challenges included the complexity of server hardware upgrades, which required meticulous planning to minimize disruptions. This upgrade, however, stands as a significant milestone, enabling our IT ecosystem to support future growth.

### A Sustainable Digital Future

Singer Finance's IT initiatives in FY 2024/25 reflect our commitment to creating a resilient, customer-centric, and sustainable future. By modernizing infrastructure, leveraging analytics, and fostering a culture of innovation and security, we are nurturing an ecosystem that thrives like the sandalwood tree—rooted in purpose, resilient in adversity, and impactful for generations. Our intellectual capital continues to drive operational excellence, enhance customer experiences, and enable

growth, ensuring we remain a trusted partner in Sri Lanka's financial landscape.

### Ethical governance and compliance orientation

Singer Finance operates with a strong foundation of corporate ethics, transparency, and regulatory compliance. Oversight is ensured through regular audits, a dedicated Security Steering Committee, and adherence to CBSL and international standards. Initiatives such as Vulnerability Assessments, Penetration Testing (VAPT), and access control reviews bolster system security and audit readiness.

### Commitment to long-term sustainability

Beyond compliance, Singer Finance adopts a forward-looking approach to digital and environmental sustainability. Energy-efficient infrastructure, secure data governance, and resilient cybersecurity frameworks collectively ensure business continuity and trust. Staff awareness initiatives and training programs in cybersecurity and emerging technologies further reinforce the company's preparedness and sustainable value creation.



## INTELLECTUAL CAPITAL

### Governance & Sustainability



Strong ethical practices and adherence to regulatory standards enhance reputation and stakeholder trust

### Trends in 2024 / 25



#### Challenges

- ◆ Rapid Technological advancements
- ◆ Heightened cyber and data governance



#### Opportunities

- ◆ Digital transformation acceleration
- ◆ Enhanced customer insights through analytics
- ◆ Stronger digital resilience and IT agility



#### Risks

- ◆ Cybersecurity threats
- ◆ System downtime
- ◆ Technology obsolescence
- ◆ Regulatory non-compliance
- ◆ Data privacy concerns



### Strategic Response

- ◆ Invested in IT enhancements and cybersecurity
- ◆ Strengthened data governance practices
- ◆ Focused on process innovation and customer insights



### Outcomes

Fully Automated the Employee Incentive scheme through a Web App

System uptime  
**100%**

#### SDGs



#### Stakeholders



#### Material Topics

- ◆ Digital Transformation

## A Unique, Growing Pool of Knowledge

At Singer Finance, we believe that our people are at the heart of everything we do. Our ability to deliver value, adapt to change, and serve customers with empathy stems from a strong foundation of knowledge and continuous learning.

### Learning and Development

#### GRI 404-2

We continued to invest in building the skills and capabilities of our team to stay ahead in a dynamic market environment. Our learning agenda focused on both technical and soft skills that empower employees to perform with confidence and care.

#### Key highlights include:

- ◆ Over 20,000 hours of training conducted during the year.
- ◆ Focus areas included sales effectiveness, regulatory compliance, leadership, soft skills, and technical knowledge.
- ◆ Branch managers were given targeted, performance-oriented sessions to strengthen on-ground leadership.
- ◆ Training aligned with strategic priorities such as digital transformation and customer-centric service.
- ◆ Knowledge-sharing sessions and mentoring initiatives encouraged a collaborative learning culture.

These efforts helped us build a well-rounded, future-ready workforce that's capable of delivering on our brand promise.

### Institutional Knowledge

To ensure sustainability and consistency in our operations, we have been strengthening our internal knowledge base. We've taken deliberate steps to capture and preserve institutional knowledge that supports decision-making and operational continuity.

#### Our approach included:

- ◆ Establishing **standard operating procedures** and internal manuals.
- ◆ Leveraging **system-based workflows** to ensure knowledge is embedded in day-to-day operations.
- ◆ Promoting documentation and process alignment to reduce reliance on individuals.
- ◆ Using **centralized platforms** to enable easy access to shared insights and tools.

By formalizing and digitizing institutional knowledge, we are better positioned to drive efficiency, reduce errors, and maintain high service standards even as we scale.

### Robust Structures and Systems

To deliver consistent value in an increasingly digital and regulated financial services landscape, we rely on strong internal frameworks. Our structures—both technological and procedural—ensure that we are efficient, secure, and adaptable in everything we do.

#### Technological Infrastructure

##### GRI 203-1

We continued to enhance our digital backbone to support scalable, secure, and customer-friendly operations.

#### Key developments during the year:

- ◆ Migrated our core system to a **fully cloud-based environment**, ensuring agility, scalability, and enhanced disaster recovery capabilities.
- ◆ Strengthened **cybersecurity protocols** and invested in security infrastructure aligned with global standards.
- ◆ Continued use of **Robotic Process Automation (RPA)** for repetitive tasks, improving operational efficiency and reducing human error.
- ◆ Upgraded digital platforms to enhance **customer self-service features** and improve turnaround times.
- ◆ Rolled out system dashboards and analytics tools to enable **data-driven decision-making** across departments.

These upgrades form the backbone of our digital strategy and support our ongoing transformation into a tech-enabled financial services provider.

#### Policies and Processes

Our operations are guided by a well-defined set of policies and governance frameworks that support compliance, accountability, and alignment with strategic goals.

#### Highlights include

- ◆ Continuous refinement of **internal controls** and **risk management frameworks** to meet regulatory expectations.
- ◆ Enhanced **compliance monitoring** through system-based alerts and exception reporting.
- ◆ **Standardization of processes** across all branches to ensure consistency and reduce operational risk.
- ◆ **Internal audits and regular reviews** to maintain alignment with governance standards.

Together, these structures not only safeguard our operations but also empower us to serve customers with speed, confidence, and responsibility.

## INTELLECTUAL CAPITAL

### Longstanding Relationships GRI 203-2

Our intellectual capital is also embedded in the relationships we nurture—with our customers, employees, and wider ecosystem. These relationships, built on trust and transparency, form the basis for long-term brand loyalty and sustained performance.

#### A Trusted Brand

We continued to benefit from the deep brand equity of our parent entities—Singer and Hayleys PLC—both of which are household names in Sri Lanka, synonymous with reliability and service excellence

- ◆ The strength of these brands reinforces stakeholder trust and enhances customer acquisition and retention.
- ◆ Our connection with Hayleys brings governance strength, shared services, and strategic direction, further elevating our institutional credibility.

#### Group Synergies

As part of the Hayleys Group, we benefit from access to a broad spectrum of institutional knowledge and operational support.

- ◆ Leveraged group-wide best practices in **IT governance, HR management, and sustainability reporting.**
- ◆ Shared access to training platforms, compliance systems, and procurement frameworks help ensure operational consistency and cost efficiency.
- ◆ Participation in cross-functional initiatives enabled better **knowledge sharing and innovation.**

### Campaigns and Communications

Singer Finance significantly enhanced its outreach strategy this year, adopting an emotionally intelligent, customer-first approach supported by targeted, data-driven campaigns across diverse customer segments.

- ◆ **Emotional branding platform – “We Feel You”:** Repositioned the brand to reflect empathy, emotional intelligence, and genuine customer care.
- ◆ **“Make People Feel Great” campaign:** Reinforced positive emotional engagement and strengthened customer relationships.
- ◆ **Hithawathkama promotion:** Focused on cross-selling the gold loan service to existing leasing and gold loan customers, fostering product synergy.
- ◆ **Pre-lease campaign for high-end vehicle users:** Targeted affluent customer segments with curated leasing offers.
- ◆ **Tractor leasing campaign:** Catered to agro-based communities, supporting rural development and mechanized farming.
- ◆ **Weekly CLM (Customer Lifecycle Management) campaigns:** Encouraged up-selling and cross-selling based on customer profiles and product affinity.
- ◆ **Segment-specific campaigns:** Urban and semi-urban focus for leasing and gold loan products. Savings products like “Muthu” and “Next Gen” were marketed toward families and younger audiences, emphasizing future security financial planning.



## Future Focus: Risks, Opportunities and Strategic Priorities

### Vision for Brand Development

#### Short-term (2025/26):

Focus on emotional storytelling with enhanced digital and ATL integration.

Improve engagement and consistency across all communication channels.

#### Medium-term (2026–2028):

Build deeper regional and community relevance.

Grow presence in under-served segments to establish Singer Finance as a reliable and trusted financial partner.

#### Long-term (2028 onwards):

Transform the brand into a purpose-driven, digitally advanced entity known for inclusive financial empowerment and innovation.

Risks	Opportunities
<b>Market fatigue</b> from repetitive or overly product-centric messaging may reduce campaign effectiveness.	Rapid digital adoption allows for <b>cost-effective, scalable customer engagement</b> through social media and mobile platforms.
<b>Regulatory scrutiny</b> of financial advertising could constrain messaging flexibility or campaign timelines.	Demand for <b>personalized, community-based financial products</b> opens new customer segments.
<b>Digital dependency</b> increases exposure to cybersecurity threats and reputational risks in case of system failures or data breaches.	Continued investments in <b>strategic partnerships, EV/solar financing, and digital wallets</b> provide new brand positioning opportunities.
<b>Inconsistent brand execution</b> across regions or platforms can undermine trust unless governed centrally.	

Despite the risks and challenges, Singer Finance's strategy remains focused on thriving and driving long-term growth, leveraging its intellectual capital to foster innovation, resilience, and sustainable success.

### Strategic Priorities for FY 2025/26: Cultivating a Sustainable, Digital Future

At Singer Finance (Lanka) PLC, our strategic priorities for FY 2025/26 are the seeds of a transformative vision, rooted in the enduring legacy of the sandalwood tree—resilient, nurturing, and impactful. As we advance our digital transformation and strengthen our brand, we are committed to fostering innovation, enhancing customer trust, and empowering communities. Our focus spans optimizing IT infrastructure, harnessing emerging technologies, reinforcing cybersecurity, and building a purpose-driven brand that resonates emotionally and inclusively. By aligning technology and marketing efforts with our sustainability ethos, we aim to

cultivate a future where operational excellence, customer empowerment, and social good flourish in harmony, much like the sandalwood's fragrance enriching its surroundings.

### Advancing Digital Transformation Through IT Innovation

Our IT strategy for FY 2025/26 is a cornerstone of our digital transformation journey, designed to enhance scalability, agility, and resilience. By investing in cutting-edge technologies and upskilling our workforce, we will drive operational efficiency, elevate customer experiences, and ensure robust data security, all while fostering a culture of innovation.

### ◆ Cloud Computing

We will accelerate our investment in cloud infrastructure to create a flexible, scalable foundation for our operations. By migrating additional applications to the cloud, we will optimize resource allocation, reduce operational costs, and enable seamless scalability to meet growing demand. Cloud-based services will be refined to deliver faster, more personalized customer experiences, such as streamlined loan processing and real-time account management. This transition will mirror the sandalwood's adaptability, ensuring our IT ecosystem thrives in a dynamic digital landscape while supporting energy-efficient operations.

## INTELLECTUAL CAPITAL

### ◆ AI and Machine Learning

Building on our existing ML initiatives, we will deepen our investment in artificial intelligence to transform decision-making and customer engagement. AI-driven tools will enhance credit scoring accuracy, automate routine processes like loan approvals, and deliver hyper-personalized offerings tailored to individual customer needs. For instance, predictive analytics will refine customer churn prevention strategies, while AI chatbots will provide instant support, improving service accessibility. These advancements will empower employees and customers alike, nurturing a connected ecosystem as vibrant as the sandalwood's growth.

### ◆ Cybersecurity

Strengthening our cybersecurity infrastructure remains paramount to protect customer trust and ensure business continuity. We will invest in advanced threat detection systems, such as AI-powered anomaly detection, and enhance endpoint security to safeguard all devices. Regular vulnerability assessments and penetration testing will proactively identify and mitigate risks, keeping our systems resilient against evolving threats. Our 24/7 Security Operations Center (SOC) will continue to provide real-time monitoring and rapid incident response, ensuring a fortified digital fortress that stands as steadfast as the sandalwood's roots.

### ◆ Blockchain Exploration

We are exploring blockchain technology to enable secure, transparent transactions, particularly in digital payments and loan processing. By piloting blockchain-based solutions, we aim to enhance trust and efficiency in financial operations, reducing intermediaries and ensuring tamper-proof records. This forward-looking approach will position Singer Finance as a pioneer in innovative financial services, sowing seeds for a transparent, customer-centric future.

### ◆ Data Security

To protect sensitive data, we will implement next-generation encryption techniques and strengthen access control policies, ensuring only authorized personnel access critical systems. Regular security assessments, including penetration testing and compliance

audits, will maintain our robust security posture. These measures will safeguard customer data and reinforce compliance with regulatory standards, fostering trust as enduring as the sandalwood's legacy.

### ◆ Digital Resilience

We will enhance our disaster recovery and business continuity strategies to ensure minimal disruption during system failures or cyber incidents. This includes upgrading backup solutions, such as expanding our Veeam deployment, and conducting regular recovery drills to test system resilience. By building a robust digital backbone, we will ensure uninterrupted service delivery, reflecting the sandalwood's ability to thrive through adversity.

### ◆ Innovation Capacity

To stay at the forefront of financial innovation, we will foster partnerships with fintech startups and establish innovation labs to explore cutting-edge solutions, such as digital wallets and AI-driven financial planning tools. Expanded training programs will upskill employees in AI, data analytics, and cloud technologies, empowering them to drive innovation. These initiatives will cultivate a culture of creativity and agility, ensuring our IT capabilities grow as dynamically as the sandalwood tree.

### Elevating Brand Presence Through Strategic Marketing

Our marketing strategy for FY 2025/26 is designed to deepen emotional connections, strengthen brand trust, and position Singer Finance as the leading financial solution provider for everyday and sustainable needs. By blending thematic consistency with tactical campaigns, we will amplify our presence, engage communities, and drive market penetration, all while reinforcing our sustainability ethos.

### ◆ Thematic Brand Continuity

We will continue our "We feel your heartbeat" campaign across above-the-line (ATL) mediums, such as TV, radio, and print, to strengthen brand recall. Consistent messaging will emphasize empathy, trust, and customer-centricity, resonating with diverse audiences and reinforcing our emotional positioning as a partner in life's financial journey.

### ◆ Tactical Product Campaigns

Seasonal campaigns will highlight specific products, such as festive loan offers or back-to-school financing, to drive engagement and sales. These tactical messages will be tailored to regional and cultural contexts, ensuring relevance and impact, much like the sandalwood's fragrance adapting to its environment.

### ◆ Robust Public Relations

A strong PR presence will build brand trust through thought leadership articles, community success stories, and media partnerships. By showcasing our sustainability initiatives, such as the "Tree for Every Tuk Tuk" program, we will position Singer Finance as a purpose-driven organization committed to societal good.

### ◆ Large-Scale Brand Engagement Events

We will host large-scale events, such as financial literacy workshops and sustainability fairs, to foster direct engagement with customers and communities. These events will create memorable experiences, strengthen brand loyalty, and amplify our commitment to inclusive growth.

### ◆ Internal Employee Engagement

Internal campaigns will promote the "Make People Feel Great" (MPFG) concept, celebrating employees who embody our values of empathy and innovation. Recognition programs, team-building activities, and sustainability challenges will foster a vibrant workplace culture, nurturing employees as the sandalwood's heartwood.

### ◆ Strategic Partnership Campaigns

Sophisticated marketing campaigns will strengthen ties with strategic partners, such as banks and renewable energy providers, through co-branded initiatives and joint events. These efforts will enhance our ecosystem of value creation, supporting mutual growth and sustainability goals.

### ◆ Leadership in EV and Solar Financing

Aggressive marketing campaigns will establish Singer Finance as the premier financial solution provider for electric vehicles (EV) and solar financing.

Targeted ads, customer testimonials, and partnerships with EV manufacturers and solar providers will highlight our accessible financing options, driving adoption of sustainable technologies and aligning with our environmental commitment.

#### ◆ **Telemarketing Optimization**

We will transform our telemarketing channel into a high-performing business unit, equivalent to a successful branch, by enhancing training, leveraging data-driven targeting, and integrating AI-driven call scripts. This will boost lead conversion and customer engagement, driving significant sales growth.

#### ◆ **E-Wallet Launch Campaign**

The launch of our e-wallet in FY 2025/26 will be supported by an aggressive marketing campaign, featuring digital ads, influencer partnerships, and in-branch promotions. Highlighting the e-wallet's 100% digital, non-face-to-face onboarding, the campaign will position it as a game-changer for convenient, secure financial management.

#### ◆ **Community-Based Market Penetration**

To deepen market penetration, we will conduct community-based behavioral research focusing on segments like women, agriculture, fisheries, and tourism. Collaborating with product teams, we will develop tailored financial solutions, such as microloans for women entrepreneurs or equipment financing for farmers. Customized campaigns, including regional radio spots and community workshops, will drive awareness and engagement, ensuring our offerings resonate with underserved populations and foster inclusive growth.

### **Vision for Brand Development**

Our brand development strategy is a journey of purpose, mirroring the sandalwood tree's growth from a seedling to a towering symbol of resilience. We envision Singer Finance as a trusted, digitally forward, and purpose-driven brand that empowers every Sri Lankan to achieve their financial aspirations.

#### ◆ **Short-Term (2025/26)**

We will strengthen our emotional brand positioning under the "We feel your heartbeat" theme, ensuring consistency across all communication channels, from billboards to social media. Enhanced engagement on digital platforms, such as interactive campaigns and customer testimonials, will deepen connections and boost brand recall, fostering a sense of trust and familiarity.

#### ◆ **Medium-Term (2026–2028)**

Singer Finance will establish itself as a trusted partner for everyday financial needs, growing brand affinity through community-focused campaigns that highlight regional relevance. By expanding our presence in underserved segments, such as rural entrepreneurs and women-led businesses, we will build a reputation for inclusivity and accessibility, nurturing loyalty as enduring as the sandalwood's roots.

#### ◆ **Long-Term (2028 Onwards)**

We aspire to position Singer Finance as a nationally recognized, purpose-driven brand celebrated for empathetic customer service, technological innovation, and inclusive financial empowerment. By integrating sustainability and digital excellence into our brand identity, we will inspire confidence and pride, becoming a beacon of progress in Sri Lanka's financial landscape.

### **Roadmap for Digital Branding and Social Media Presence**

Our digital branding strategy leverages technology to amplify our reach, personalize engagement, and position Singer Finance as a digitally progressive financial partner. The roadmap spans short, medium, and long-term goals, ensuring sustained growth in our digital presence.

#### ◆ **Short-Term (2025/26)**

We will increase content output and engagement on key platforms like TikTok, Facebook, and Instagram, capitalizing on trends like short-form videos and live Q&A sessions. Collaborations with influencers, particularly those advocating for sustainability and financial literacy, will expand our reach among younger

audiences. Interactive campaigns, such as quizzes on solar financing benefits, will drive engagement, while consistent "We feel your heartbeat" messaging will reinforce brand identity.

#### ◆ **Medium-Term (2026–2028)**

We will integrate data-driven targeting and automation tools to deliver personalized customer journeys. For example, AI-driven social media ads will target specific demographics, such as women entrepreneurs, with tailored loan offers. Automated email and SMS campaigns will nurture leads, ensuring seamless transitions from awareness to conversion. Analytics will guide content strategies, optimizing engagement and building a loyal digital community.

#### ◆ **Long-Term (2028 Onwards)**

We will invest in a centralized digital ecosystem, including a branded mobile app and integrated online platforms, offering seamless access to banking, loan applications, and financial planning tools. This ecosystem will position Singer Finance as a digitally forward partner, enhancing convenience and trust. By leveraging emerging technologies, such as augmented reality for virtual branch tours, we will redefine digital engagement, creating a legacy as vibrant as the sandalwood's fragrance.

### **A Unified Vision for Growth**

Our strategic priorities for FY 2025/26 unite technology and branding to create a future where innovation, trust, and sustainability thrive. By advancing our IT capabilities, we will deliver operational excellence and personalized customer experiences, while our marketing efforts will build a brand that resonates emotionally and inclusively. Like the sandalwood tree, which grows steadily to enrich its ecosystem, Singer Finance is planting seeds of progress, nurturing a legacy of empowerment, resilience, and shared prosperity for all stakeholders.



## MANUFACTURED CAPITAL

GRI 3-3

Like the sandalwood tree, which grows steadily to yield a fragrant, enduring legacy, Singer Finance's manufactured capital is the heartwood of our mission to deliver accessible, resilient, and customer-centric financial services across Sri Lanka.

Our tangible assets—comprising our head office, a flourishing network of 56 branches, advanced IT systems, and sustainable support infrastructure—enable us to nurture financial inclusion, strengthen brand visibility, and ensure operational resilience. Strategic investments in these assets, rooted in our brand promise “We Feel You,” cultivate trust, inclusivity, and tailored solutions for diverse communities. In FY 2024/25, we deepened our roots through branch expansion, facility modernization, digital transformation, and sustainable practices, positioning Singer Finance as a leader in Sri Lanka's financial services sector, much like sandalwood's timeless value in a changing world.

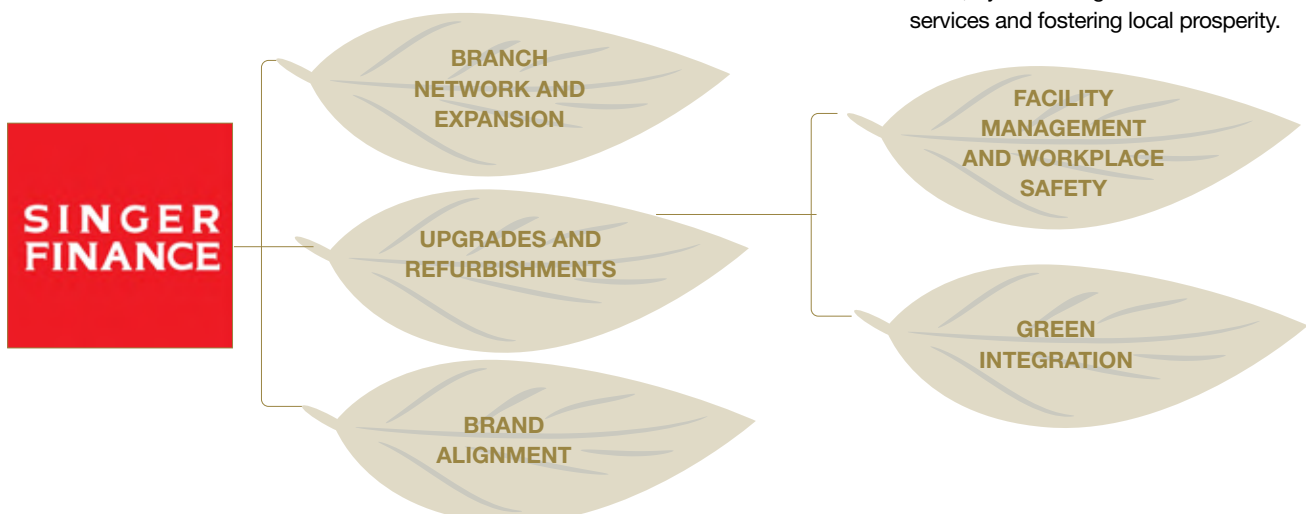
Our manufactured capital strategy, like the careful cultivation of sandalwood, balances growth with sustainability, ensuring long-term value for stakeholders—customers, employees, communities, and shareholders. By leveraging data-driven insights, we optimize resources, enhance customer

experiences, and foster economic empowerment in underserved regions. This section, infused with the Sandalwood theme, provides a comprehensive overview of our management approach, achievements, and future priorities, supported by infographics, images, and GRI alignment.

GRI 203-1

### Infrastructure Investments and Services Supported

Our investments in branch expansion, facility upgrades, and digital infrastructure, like sandalwood's steady growth, contribute to economic development in Sri Lanka, particularly in semi-urban and rural areas, by enhancing access to financial services and fostering local prosperity.



## Management Approach

Singer Finance's management approach to manufactured capital is designed to cultivate a resilient, inclusive, and sustainable financial ecosystem, mirroring the sandalwood tree's ability to thrive in diverse conditions while yielding lasting value. We manage our physical and digital assets through a structured framework that prioritizes strategic investment, stakeholder engagement, and environmental responsibility.

## Governance and Oversight

Our manufactured capital is overseen by the Senior Management Team, with strategic guidance from the Board of Directors. The Operations and Infrastructure Committee, chaired by the Chief Operating Officer, meets quarterly to review investment plans, monitor performance metrics, and ensure alignment with our "We Feel You" brand identity. Key performance indicators (KPIs) include branch expansion rates, customer satisfaction scores, digital transaction volumes, and energy consumption reductions.



## STRATEGIC OBJECTIVES

### Scalability:

Expand our branch network and digital platforms to meet growing demand while maintaining operational efficiency.

### Accessibility:

Enhance last-mile service delivery in underserved regions to promote financial inclusion.

### Sustainability:

Integrate renewable energy and eco-friendly designs to reduce our environmental footprint.

### Customer-Centricity:

Modernize facilities and digital channels to deliver seamless, empathetic, and efficient services.



## RISK MANAGEMENT

We mitigate risks associated with manufactured capital through:

### Data-Driven Planning:

Using market research and demographic analysis to select branch locations and prioritize investments.

### Cybersecurity Measures:

Maintaining a Security Operations Centre to protect digital infrastructure.

### Facility Audits:

Conducting regular safety and maintenance checks to ensure operational reliability.

### Sustainability Assessments:

Evaluating the environmental impact of new constructions and upgrades.



## MONITORING AND EVALUATION

We track progress through:

### Performance Dashboards:

Monitor KPIs such as branch footfall, digital adoption rates, and energy savings.

### Customer Feedback:

Analyze satisfaction scores to assess the impact of upgrades and rebranding.

### Sustainability Metrics:

Measure CO2 reductions and energy consumption to evaluate green initiatives.

This management approach ensures that our manufactured capital, like sandalwood, grows steadily, adapts to changing conditions, and delivers enduring value to all stakeholders.



## STAKEHOLDER ENGAGEMENT

We engage stakeholders to ensure our manufactured capital aligns with their needs:

### Customers:

Collect feedback through surveys and focus groups to inform branch upgrades and digital enhancements.

### Employees:

Provide training and ergonomic workspaces to enhance productivity and well-being.

### Communities:

Partner with local leaders to select branch locations and support economic development.

### Regulators:

Comply with Central Bank of Sri Lanka guidelines and environmental regulations.

## Significant Indirect Economic Impacts

GRI 203-2

Our management approach drives financial inclusion by strategically deploying manufactured capital to underserved areas, creating jobs, and stimulating local economies, much like sandalwood's roots enrich the soil.



Caption: The sandalwood-inspired facade of Singer Finance's Head Office in Colombo, radiating warmth and resilience.

Description: The image depicts a modern building with warm, earthy tones and "We Feel You" branding, evoking sandalwood's timeless elegance and our commitment to operational excellence.

## MANUFACTURED CAPITAL

We follow a data-led, community-focused approach to expansion — selecting new locations based on demand, demographics, and service gaps, while prioritising sustainable and digitally enabled environments that align with our long-term transformation goals.

<b>Branch Network and Expansion</b>	Expanding our footprint with new branches to widen our reach, and improve customer accessibility
<b>Upgrades and Refurbishments</b>	Modernising and refurbishing spaces to enhance customer experience and operational efficiency
<b>Brand Alignment</b>	Ensuring our brand evolves in sync with market trends and customer expectations
<b>Facility Management and Workplace Safety</b>	Ensuring efficient facility management while prioritizing workplace safety and well-being for all employees
<b>Green Integration</b>	Integrating sustainable practices to reduce our environmental impact and promote eco-friendly growth

### Trends in 2024 / 25

- ◆ Growing shift toward digitally enabled branch formats (smart branches, self-service kiosks).
- ◆ Increased focus on environmentally sustainable infrastructure (solar, energy-efficient fittings).
- ◆ Expansion into semi-urban and underserved regions to support financial inclusion.



#### Challenges

- ◆ Balancing digital transformation with physical infrastructure needs.
- ◆ Ensuring brand consistency across new and rebranded branches.
- ◆ Maintaining workplace safety and operational continuity during refurbishments.



#### Opportunities

- ◆ Leverage new branches to deepen regional penetration and grow customer base.
- ◆ Introduce green building designs to align with ESG goals.
- ◆ Use smart branch infrastructure to improve cost efficiency and customer convenience.



#### Risks

- ◆ Escalating construction and maintenance costs due to inflation and supply chain disruptions.
- ◆ Under-utilization of branches in low-performing regions or due to increased digital preference.
- ◆ Delays in infrastructure rollout from regulatory or local authority constraints.



### Strategic Response

- ◆ Opened 4 new branches, reaching 56 total across all 9 provinces.
- ◆ Invested Rs. 228 Mn in infrastructure; Rs. 9.7 Mn for branch expansion.
- ◆ Rebranded 5 branches to align with updated brand identity.
- ◆ Upgraded furniture, EDP equipment, and rolled out ERP integrations.
- ◆ Installed solar panels at selected branches for energy backup.
- ◆ Maintained safety standards with routine inspections and protocols.
- ◆ Laid groundwork for Premier Centre and VVIP branch model.



### Outcomes

<b>56</b> branches across all 9 provinces as of March 2025.	<b>Rs. 228 Mn</b> invested in infrastructure, incl. <b>Rs. 9.7 Mn</b> for branch upgrades
Enhanced customer accessibility and brand visibility in rebranded locations.	Infrastructure enabled rollout of new customer propositions like Gold Loans, digital service delivery, etc.

#### SDGs



#### Stakeholders



#### Material Topics

- ◆ Branch expansion and accessibility
- ◆ Digitally enabled service delivery
- ◆ Workplace health, safety, and environment (HSE)
- ◆ Infrastructure investment aligned with strategic growth

## Strengths and Competencies

### Extensive Physical Footprint



56 branches across all 9 provinces, enabling strong regional access and customer proximity.

### Strategic Location Planning



Branches selected based on demand, demographics, and underserved markets—ensuring optimal coverage and visibility.

### Modernised Infrastructure



Continuous investment in infrastructure upgrades, including EDP equipment, furniture, and layout improvements to enhance service flow.

### Integrated Systems



ERP integration and digital enablers improving operational efficiency and reducing manual processes.

### Sustainability Integration



Use of solar panels in select branches for power backup and greener operations.

### Brand-Aligned Environments



Rebranding initiatives ensure all customer touchpoints reflect the “We Feel You” brand ethos and customer-first experience.

## Branch Network and Expansion

Singer Finance continues to expand its physical presence to ensure greater financial inclusion and proximity to customers across Sri Lanka. Our network remains a core enabler of last-mile service delivery, especially in regions with limited access to formal financial services. In 2024/25, we strategically expanded and upgraded our branch footprint based on data-driven analysis and long-term demand forecasting.

### Current Network

As at 31st March 2025, **56** branches were operational across the island:

**Covering  
all 9 provinces  
and 19  
districts**

**Driving outreach  
for leasing, savings,  
gold loans, and  
advisory**

**Ensuring  
financial access  
across urban and  
rural areas**

This wide regional presence strengthens our service model and brand visibility while promoting economic empowerment through easy access to finance.

### New Branch Openings during the year

In response to emerging customer demand and regional growth potential, we opened 4 new branches during the financial year.

Opening Date	Branch
19-Sep-2024	Grandpass
18-Nov-2024	Nittambuwa
30-Jan-2025	Tangalle
27-Mar-2025	Kochchikade

These branches were strategically placed to improve accessibility in

fast-growing semi-urban areas and strengthen our position in key economic zones.

### Branch Selection Criteria

New branch locations are identified through a combination of market research, geographic analysis, and operational feasibility. Key selection parameters include:

#### Demand for financial services

Areas showing consistent credit and deposit inquiries or underserved financial access.

#### Demographic trends

Regions with growing populations, workforce presence, and middle-income segment growth.

#### Strategic visibility

High-footfall areas or proximity to main roads and commercial clusters for better brand presence.

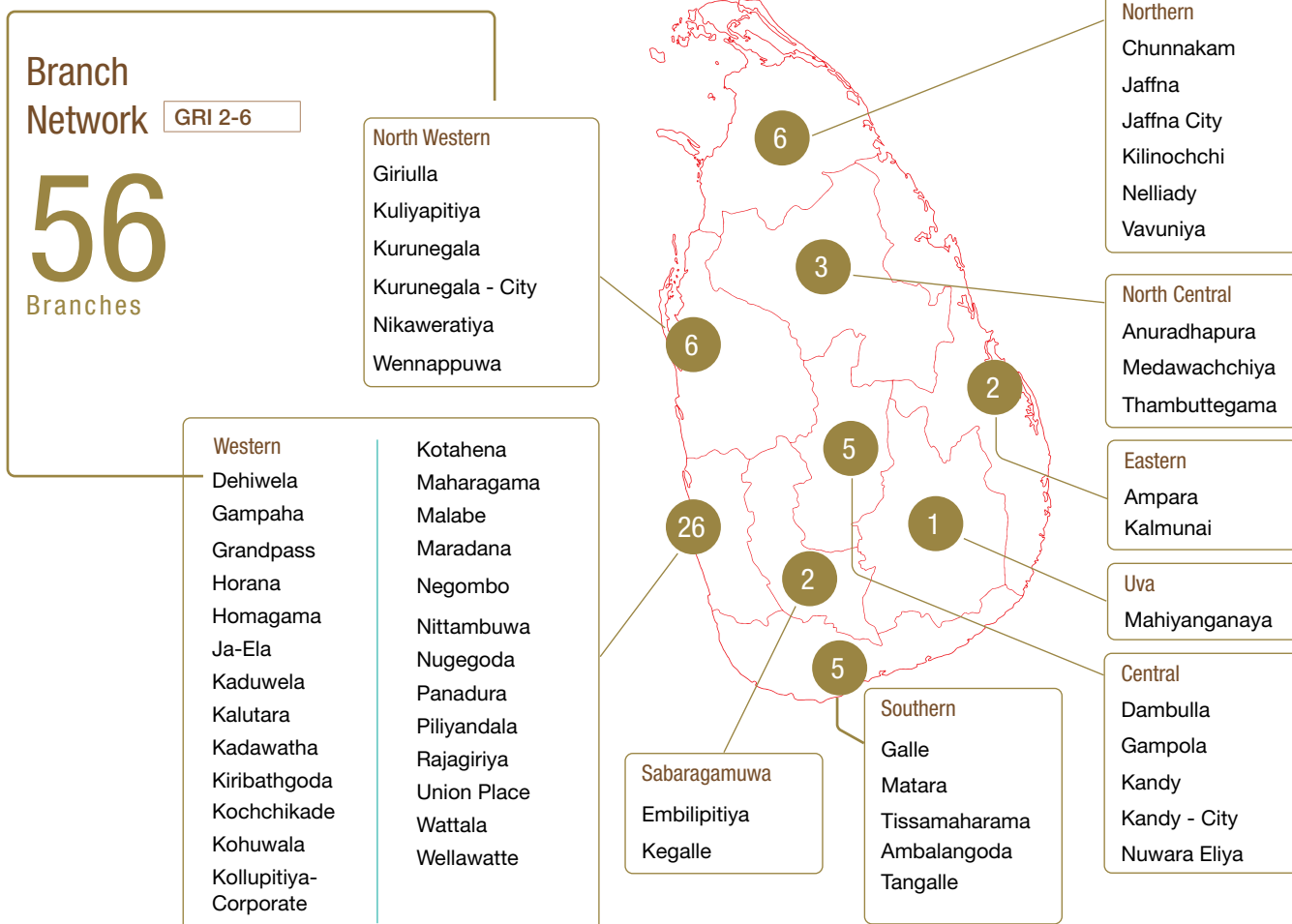
#### Competitor mapping

Areas with low saturation of licensed finance companies, ensuring a competitive edge.

#### Accessibility and logistics

Ease of access for customers and operational teams, including transport connectivity.

## MANUFACTURED CAPITAL



### Planned Branches for FY 2025/26

To expand our reach and improve brand accessibility, we have scheduled the opening of 10 new branches over the upcoming year. These strategic locations have been carefully chosen based on their strong business potential and untapped demand.

Each new branch will be equipped with modern infrastructure and brand-aligned interiors to provide a consistent, customer-first experience.

### Upgrades and Refurbishments

During the year, Singer Finance prioritised branch-level infrastructure improvements to elevate customer experience and promote high-impact product offerings. A key upgrade was carried out at the Giriulla branch, where the branch premises were extended from the first floor to include the ground floor.

### Key Objectives and Outcomes:

01

#### Enhanced Visibility

Ground-floor presence has significantly increased walk-in traffic and improved brand exposure along a high-footfall area.

02

#### Product Focus

The refurbished layout features designated areas for Gold Loan services, facilitating faster, more confidential transactions and spotlighting this key revenue-generating product.



03

**Investment Commitment**

A total of Rs. 9.7 million was allocated toward this refurbishment initiative, covering space conversion, interior enhancements, signage, and customer accessibility upgrade.

04

**Improved Accessibility**

The ground-level relocation has made the branch more accessible for elderly and differently-abled customers

**Branch Alignment**

To align physical presence with the emotional and service-oriented brand identity of “We Feel You,” several branches underwent rebranding.

**Key Objectives and Rebranding:**

01

**Visual Upgrade**

Interiors redesigned to reflect the warmth, trust, and modernity associated with Singer Finance’s brand.

02

**Service Alignment**

Branch layouts were adjusted to create a more seamless customer journey, incorporating consultation areas, digital information panels, and refreshed signage.

03

**Brand Identity and Recall**

Emphasis on emotional brand identity helped reinforce customer trust and emotional connectivity during face-to-face interactions.

04

**Clean & Functional Design**

Spaces were optimised for comfort, cleanliness, and professionalism to encourage footfall and ease of navigation.



## MANUFACTURED CAPITAL



### Facility Management and Workplace Safety

While no formal SOPs were introduced this year, facility management continued under the close supervision of the Head Office administration team.

#### Standard Practices in Place:

01

##### Maintenance

All branches are on routine service and maintenance schedules, covering electricals, HVAC, plumbing, and emergency systems.

02

##### Safety

Branches comply with national fire safety and occupational health regulations. Fire extinguishers, emergency exits, and safety signage are regularly inspected.

03

##### Cleanliness

Daily cleaning and sanitisation protocols are enforced to uphold hygiene and customer comfort.

04

##### Accessibility

Although no new upgrades were introduced in 2024/25, future plans aim to embed universal design standards, especially for differently abled access.

### Strengthening Support Infrastructure

In addition to branch-focused enhancements, substantial investments were made across support infrastructure to increase operational efficiency and service agility.

#### Key Infrastructure Developments:

01

##### Furniture & EDP Equipment Upgrades

Modern workstations and computing systems were introduced across branches and back-office functions.

02

##### Process Automation

Manual workflows in credit evaluation, documentation, and recovery were digitised to reduce human error and improve turnaround time.

03

##### ERP Integration

Finance, HR, and Operations systems were integrated into a shared digital framework, enabling real-time reporting, better compliance, and transparency.

04

##### Asset Tracking Enhancements

Physical infrastructure now includes tools for lifecycle monitoring and proactive maintenance scheduling to minimise downtime and cost overruns.

## Green Integration

Singer Finance has taken steps toward reducing its environmental footprint through selective incorporation of renewable energy infrastructure.

### Green Initiatives:

01

#### Solar Panel Installations

Select branches have been fitted with solar panels to power backup systems, especially during load shedding or outages.

02

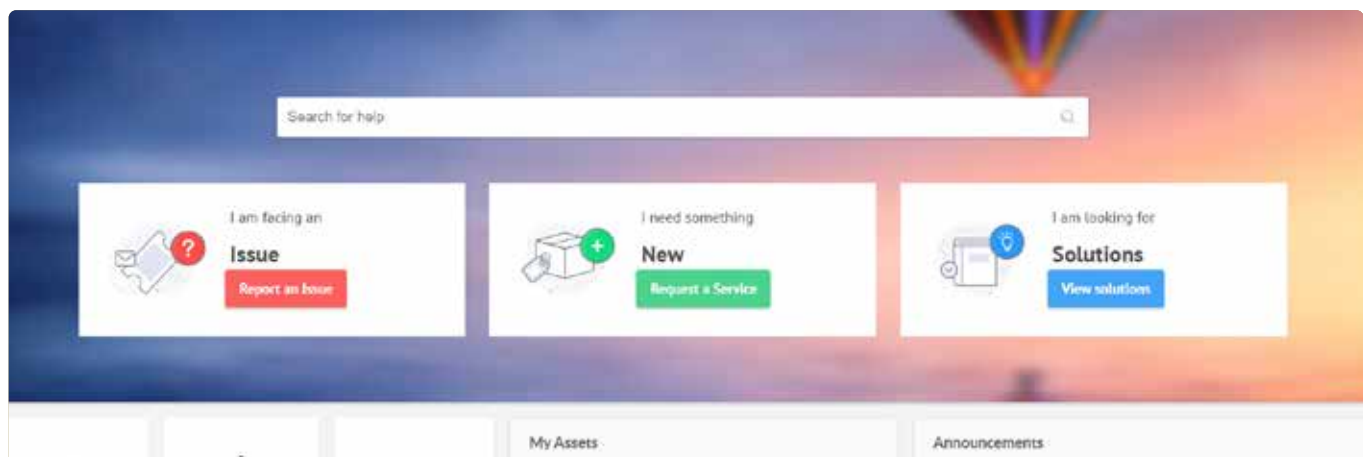
#### Energy Independence

Reduces reliance on the national grid and ensures uninterrupted service delivery.

03

#### Operational Continuity

Enables cost savings on fuel and utilities, while supporting long-term sustainability goals.



### Future Outlook

Singer Finance's physical infrastructure strategy is built for scale, inclusion, and future-readiness. Every investment in manufactured capital is a step toward building a resilient, accessible, and technology-enabled financial ecosystem.

Risks	Opportunities
Rising infrastructure and utility costs affecting expansion budgets.	Improve financial inclusion in underserved regions through physical reach.
Delays in approvals or construction timelines for new branches.	Position Singer Finance as a modern, sustainable financial services provider.
Cybersecurity or tech system failures affecting digitised infrastructure.	Leverage smart branch concept drive customer convenience and cost efficiency.

### Strategic Priorities for FY 2025/26

- At Singer Finance (Lanka) PLC, our Manufactured Capital is the sturdy trunk of our operations, akin to the sandalwood tree whose robust heartwood supports growth and resilience. Comprising our physical branches, digital infrastructure, and operational systems, it forms the backbone of our ability to deliver exceptional financial services. In FY 2025/26, our strategic priorities for Manufactured Capital focus on expanding our physical presence,

## MANUFACTURED CAPITAL

enhancing service offerings for diverse customer segments, upgrading infrastructure for hybrid and digital delivery, integrating sustainability, and optimizing internal systems. Each priority is a seed planted to nurture a future where accessibility, efficiency, and sustainability thrive, reflecting the sandalwood's legacy of strength and enduring impact.

### ◆ Complete Planned Branch Expansion in 10 New Locations

To deepen our grassroots presence and bring financial services closer to every Sri Lankan, we will expand our network by establishing branches in 10 new locations across urban and rural areas. These branches will serve as community hubs, offering tailored financial solutions such as loans, deposits, and leasing, delivered with our signature empathy-driven approach. Designed with modern aesthetics and customer comfort in mind, each branch will feature accessible layouts, multilingual signage, and dedicated consultation areas to enhance the customer experience. By extending our reach, we mirror the sandalwood's sprawling roots, anchoring trust and empowerment in diverse communities while fostering financial inclusion.

### ◆ Launch the Premier Centre and Privilege Card for High-Net-Worth Clientele

Recognizing the unique needs of our high-net-worth clientele, we will launch a Premier Centre, an exclusive facility designed to provide personalized financial services in a sophisticated, private setting. The centre will offer bespoke solutions, including wealth management, tailored investment plans, and priority loan processing, supported by dedicated relationship managers. Complementing

this, the Privilege Card will provide elite benefits, such as preferential interest rates, expedited services, and access to exclusive events, enhancing customer loyalty. This initiative, like the sandalwood's rare and valued essence, underscores our commitment to delivering exceptional value to discerning clients, strengthening relationships and trust.

### ◆ Continue Infrastructure Upgrades to Support Hybrid/Digital Service Delivery

To meet the evolving demands of a digital-first world, we will continue upgrading our infrastructure to seamlessly integrate hybrid and digital service delivery. This includes enhancing branch connectivity with high-speed internet, deploying advanced self-service kiosks for tasks like loan applications and account inquiries, and optimizing our mobile app and online banking platforms for intuitive navigation. Investments in cloud-based systems will ensure scalability and real-time access to services, enabling customers to engage with us effortlessly, whether in-person or online. These upgrades, akin to the sandalwood's adaptability to its environment, will create a flexible, customer-centric ecosystem that balances physical and digital touchpoints.

### ◆ Integrate Sustainability Features into New and Existing Branches

Sustainability is woven into the fabric of our operations, and we will integrate eco-conscious features into both new and existing branches to reflect this commitment. New branches will incorporate energy-efficient designs, such as LED lighting, solar-powered backup systems, and water-saving fixtures, to minimize resource consumption. Existing branches will be retrofitted with similar upgrades, including smart energy management systems to optimize

usage. These efforts will create inviting, environmentally responsible spaces that inspire customers and employees alike, embodying the sandalwood's nurturing presence that sustains its ecosystem with care and foresight.

### ◆ Enhance Internal Operational Infrastructure (Equipment, ERP Systems)

To drive operational excellence, we will enhance our internal infrastructure by upgrading equipment and enterprise resource planning (ERP) systems. State-of-the-art hardware, such as high-performance servers and secure workstations, will support faster processing and data security, while ergonomic office setups will improve employee productivity and well-being. Our ERP systems will be modernized to streamline processes like loan processing, customer data management, and financial reporting, ensuring seamless integration across departments. These enhancements, like the sandalwood's sturdy trunk supporting its growth, will strengthen our operational backbone, enabling agility, efficiency, and superior service delivery.

These strategic priorities for Manufactured Capital reflect our vision of a future where accessibility, innovation, and sustainability converge to empower our stakeholders. By expanding our branch network, launching premium services, upgrading hybrid infrastructure, embedding sustainability, and optimizing internal systems, we are building a foundation as resilient and enduring as the sandalwood tree. Each step forward strengthens our ability to serve customers, support communities, and drive shared prosperity, nurturing a legacy that flourishes for generations.

#### Short-term (2025/26):

Roll out 10 new branches across high-potential groups

Establish VVIP branch in Colombo with exclusive service features

#### Medium-term (2026–2028):

Launch smart branches with digital self-service, reduced manual intervention

Continue branch rebranding and refurbishment aligned to brand identity

#### Long-term (2028 onwards):

Transition towards environmentally certified, green branch infrastructure

Develop flagship branches in key urban centres with fully digitised customer journeys



## SOCIAL AND RELATIONSHIP CAPITAL

At Singer Finance (Lanka) PLC, our Social and Relationship Capital is not merely a component of integrated value creation—it is the fragrant heartwood of our identity. Like the sandalwood tree, revered not just for its enduring strength but for the subtle, healing aroma it releases into the spaces around it, our presence within Sri Lanka's financial and social fabric is defined by the relationships we nurture. These relationships—quietly built, continually nurtured, and purpose fully sustain from the foundation upone which have grown as a trusted financial institution over the past two decades.

Where financial statements reveal numbers, Social and Relationship Capital reveals our humanity. It is in our connections with customers, the upliftment of communities, the trust of our shareholders, the integrity of our dealings with regulators, and the well-being of our employees. These relationships are not transactional—they are transformative. They are the reason Singer Finance continues to thrive in an increasingly complex and interconnected economic landscape.

### A Philosophy of Rooted Relationships - Our Approach

#### GRI 3-3

Much like the sandalwood tree which does not grow in isolation but enriches the earth and air around it, we understand that our strength lies in the value we add to others.

We approach Social and Relationship Capital with a long-term philosophy: trust must be earned slowly and steadily, through sustained engagement, genuine empathy, and ethical behaviour. Every product we introduce, every CSR project we implement, and every interaction we have with stakeholders is anchored in this belief.

Our approach is structured yet human-centric. It is rooted in five foundational principles: empathy, inclusion, transparency, responsiveness, and shared prosperity. These principles guide our efforts in understanding our stakeholders' realities, adapting to their needs, and delivering value that is both economic and emotional.

### Key pillars of our approach include:



CUSTOMER  
ENGAGEMENT AND  
LOYALTY BUILDING

PURPOSE-DRIVEN CSR  
UNDER THE "සත්කාර" PLATFORM

TRANSPARENT AND  
ETHICAL STAKEHOLDER  
COMMUNICATION

DIGITALLY ENABLED  
COMMUNICATION  
AND OUTREACH

EMPLOYEE  
INVOLVEMENT IN  
COMMUNITY-FACING  
PROGRAMS

## SOCIAL AND RELATIONSHIP CAPITAL

### Strengths and Competencies

#### Strong Brand Equity



Singer Finance is a trusted brand embedded in the Sri Lankan financial landscape, known for its reliability and household reach.

#### Customer-Centric Engagement



A focus on customer satisfaction, service quality, and accessibility across digital and physical touchpoints.

#### Proactive Community Engagement



Signature CSR platform 'සත්කාර' supports health, education, and social welfare through impactful, need-based initiatives.

#### Stakeholder Responsiveness



Regular interactions with regulators, depositors, and community partners to align expectations and ensure transparency.

#### Digital Enablement



Enhanced customer communication through apps, SMS/email outreach, and digital platforms like Microsoft Teams and Yammer, ensuring clear, accessible, and timely product and service information in Sinhala, English, and Tamil

#### Strong Digital Engagement



Embraced emerging digital trends, with significant growth in platforms like TikTok (from 19,000 to 46,000+ followers), and enhanced visibility across Facebook and Instagram.

#### Grassroot Presence



Our 56 branches across Sri Lanka enable strong local engagement through regional campaigns and community-centric branding.

#### Empathy-Driven Brand Identity



"We Feel You" reflects our emotionally intelligent approach, fostering deeper customer relationships beyond transactions.

#### Agile Marketing Team



A responsive team that delivers fast, integrated campaigns across ATL, BTL, and digital, ensuring strategic market impact.

### Strengths and Competencies

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

At Singer Finance (Lanka) PLC, our Social and Relationship Capital is the fragrant heartwood of our identity, akin to the sandalwood tree whose enduring essence fosters trust and unity. Our strengths and competencies, reflect our commitment to delivering transparent, accessible, and compliant product information while nurturing deep connections with customers, communities, and stakeholders. Through a trusted brand, empathetic engagement, and innovative communication, we cultivate relationships that empower Sri Lankans, ensuring every interaction is rooted in integrity and purpose. Below, we outline the core strengths that define our approach, each a testament to our vision of a socially responsible, customer-first institution.

#### ♦ Strong Brand Equity

Singer Finance's brand is a beacon of reliability, deeply embedded in Sri Lanka's financial landscape, much like the sandalwood tree anchoring its ecosystem. Our reputation for trust and household reach enables us to deliver clear, accurate, and compliant product information in Sinhala, English, and Tamil, ensuring accessibility for all. From loan terms to deposit benefits, our communications adhere to Central Bank of Sri Lanka (CBSL) guidelines, fostering confidence among diverse customer segments. During the reporting period, no incidents of non-compliance with regulations or voluntary codes concerning product and service information, labelling and marketing communications were recorded at Singer Finance (Lanka) PLC.

This strong brand equity, built over two decades, amplifies our ability to connect authentically, reinforcing our role as a trusted financial partner across urban and rural communities.

#### ♦ Customer-Centric Engagement

At the heart of our operations lies a relentless focus on customer satisfaction, embodied in user-friendly platforms and personalized touchpoints. Our digital channels—mobile apps, SMS, and email outreach—provide tailored, transparent details on financial products, such as interest rates and repayment options, in multiple languages. Complementing this, our 56+ branches offer face-to-face interactions, ensuring accessibility for customers who prefer in-person support. By prioritizing high service quality and clear communication, we build trust that transcends transactions, mirroring the sandalwood's nurturing presence that

enriches its surroundings with every interaction.

#### ◆ **Proactive Community Engagement**

Through our signature CSR platform, 'Sathkara,' we weave a tapestry of social good, supporting health, education, and welfare with initiatives tailored to community needs. From funding school infrastructure to providing medical aid, these efforts are communicated transparently in Sinhala, English, and Tamil, fostering stakeholder trust and aligning with ethical marketing practices. Our multilingual outreach, shared via press releases, social media, and community events, ensures that beneficiaries and stakeholders understand the impact of our contributions. Like the sandalwood's fragrance spreading far and wide, 'Sathkara' strengthens community bonds and reinforces our commitment to societal well-being.

#### ◆ **Stakeholder Responsiveness**

Our relationships with regulators, depositors, and community partners are built on regular, transparent engagement, ensuring alignment with expectations and compliance with CBSL standards. We provide accurate product information, such as loan eligibility criteria and deposit security details, in Sinhala, English, and Tamil, making it accessible to all stakeholders. Quarterly meetings with regulators, feedback sessions with depositors, and community dialogues enable us to address concerns promptly and refine our offerings. This responsiveness, rooted in integrity, cultivates goodwill as enduring as the sandalwood's roots, anchoring trust across our stakeholder ecosystem.

#### ◆ **Digital Enablement**

Our digital infrastructure empowers seamless, compliant communication, delivering timely and clear product information to customers. Mobile apps provide instant access to loan applications and account details, while SMS and email outreach offer

updates on promotions and due dates in multiple languages. Internally, platforms like Microsoft Teams and Yammer enhance collaboration, ensuring staff are equipped to share accurate information. This digital enablement not only improves accessibility but also builds customer trust by prioritizing convenience and transparency, much like the sandalwood's steady growth that supports its ecosystem with quiet strength.

#### ◆ **Strong Digital Engagement**

Our digital presence has flourished, with significant growth on platforms like TikTok (from 19,000 to over 46,000 followers), Facebook, and Instagram. These channels deliver engaging, CBSL-compliant content, such as short videos explaining loan benefits or infographics on savings plans, crafted in Sinhala, English, and Tamil. Interactive campaigns, including customer polls and live Q&As, amplify visibility while adhering to ethical marketing standards. This vibrant digital engagement, like the sandalwood's fragrance carried by the breeze, connects us with younger audiences and diverse communities, strengthening brand loyalty and trust.

#### ◆ **Grassroots Presence**

With over 56 branches spanning Sri Lanka, our grassroots presence fosters local engagement through regional campaigns and community-centric branding. Each branch serves as a hub for accessible, multilingual product information, tailored to the cultural and linguistic needs of its community. From rural loan fairs to urban financial literacy sessions, we ensure customers receive clear details on products like gold loans and fixed deposits. This localized approach, akin to the sandalwood's roots spreading deep into the earth, builds trust and ensures no community is left behind in our pursuit of financial empowerment.

#### ◆ **Empathy-Driven Brand Identity**

Our "We Feel You" ethos infuses every communication with emotional intelligence, creating a brand that resonates beyond transactions. We

provide transparent, customer-focused product information—such as loan repayment schedules and deposit interest rates—in Sinhala, English, and Tamil, ensuring clarity and compliance. Campaigns like "We Feel Your Heartbeat" highlight real customer stories, fostering relatability and trust. This empathy-driven identity, like the sandalwood's soothing aroma, builds lasting connections, positioning Singer Finance as a partner in life's financial journey.

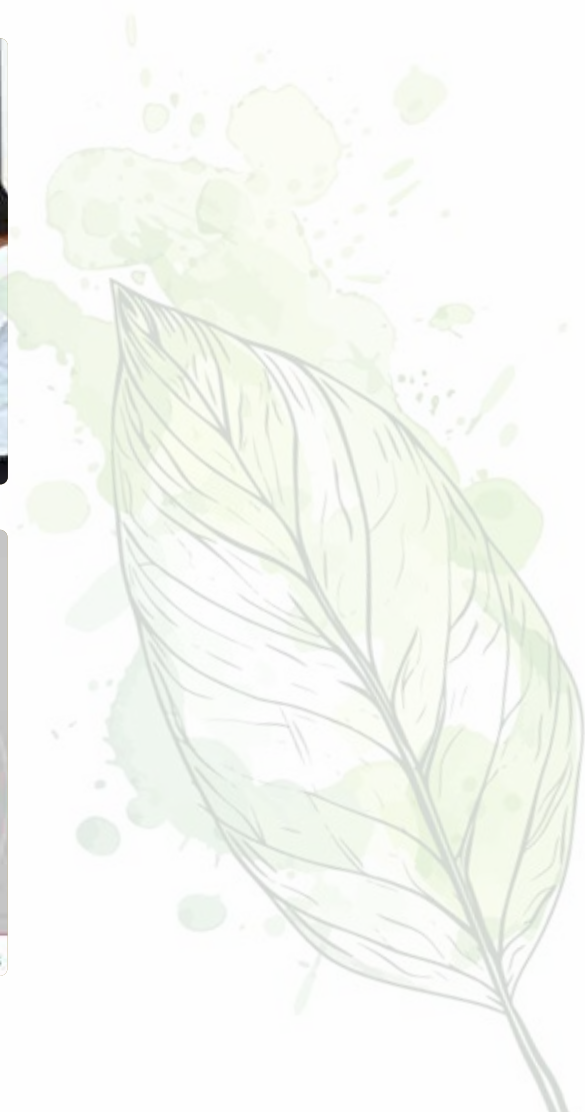
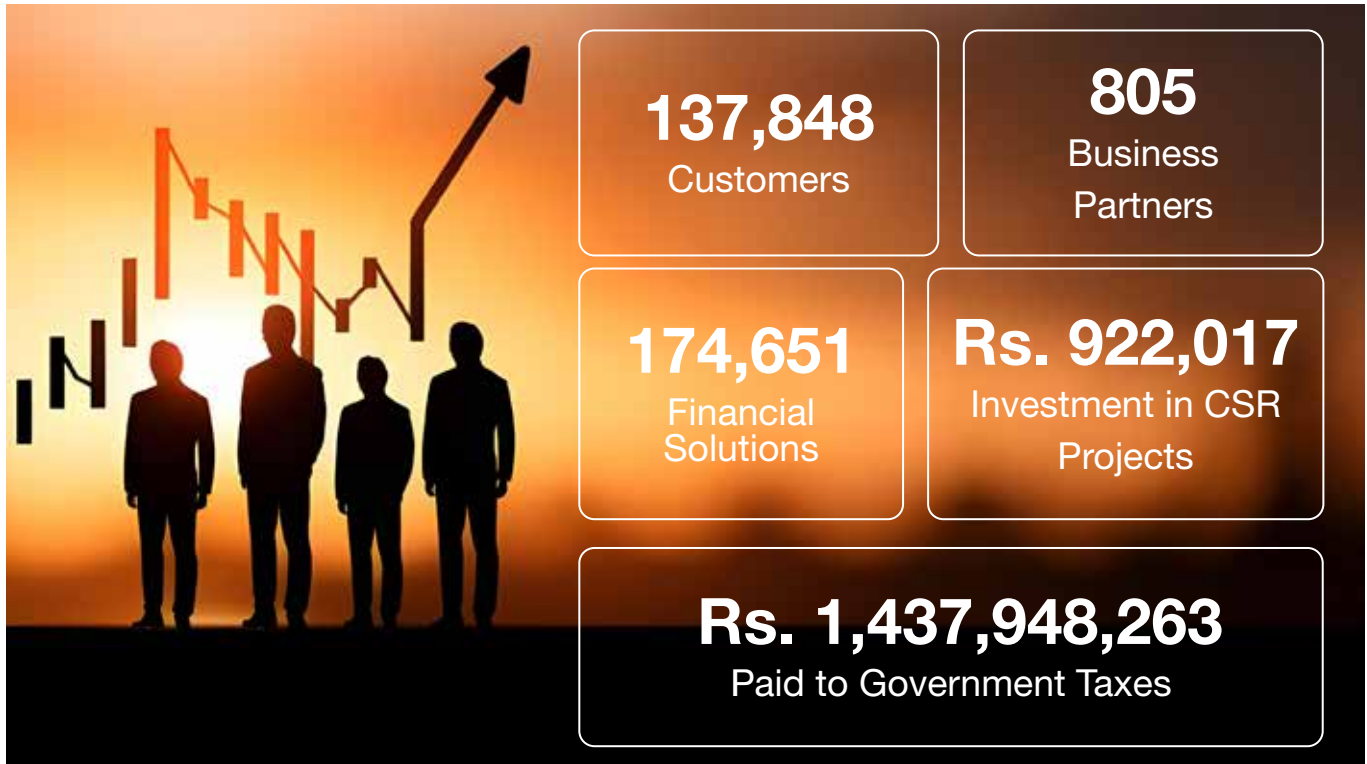
#### ◆ **Agile Marketing Team**

Our responsive marketing team is the pulse of our communication strategy, delivering fast, integrated campaigns across above-the-line (ATL), below-the-line (BTL), and digital channels. From TV ads explaining loan features to TikTok videos showcasing deposit benefits, every campaign is crafted to be accurate, impactful, and compliant with CBSL guidelines. The team's agility enables rapid response to market trends, ensuring our messaging remains relevant and resonant. Like the sandalwood tree adapting to its environment, our marketing team nurtures trust through dynamic, customer-centric communication that leaves a lasting impression.

These strengths and competencies, underscore Singer Finance's dedication to ethical marketing, transparency, and stakeholder trust. By leveraging our brand equity, digital innovation, and grassroots presence, we deliver compliant, multilingual product information that empowers customers and communities. Our empathy-driven approach, rooted in the sandalwood's legacy of connection, ensures that every interaction fosters trust, inclusion, and shared prosperity, shaping a future where relationships thrive as vibrantly as the sandalwood's enduring fragrance.

## SOCIAL AND RELATIONSHIP CAPITAL

### Achievements



### Trends in 2024 / 25

- ◆ Shift to omnichannel customer experiences blending physical and digital touchpoints.
- ◆ Heightened expectations for responsible lending, community impact, and environmental responsibility.
- ◆ Increased importance of customer education and financial literacy initiatives.



#### Challenges

- ◆ Managing stakeholder expectations in an inflationary and interest rate-sensitive environment.
- ◆ Maintaining high service levels across expanding regional presence.
- ◆ Sustaining visibility and trust in a competitive market.

#### Opportunities

- ◆ Leverage CRM and analytics tools to tailor communications and improve service delivery.
- ◆ Expand CSR footprint through digital volunteering and regional campaigns.
- ◆ Strengthen brand loyalty through bundled financial and lifestyle offerings.

#### Risks

- ◆ Reputational risk from service lapses or inconsistent stakeholder experiences.
- ◆ Social license to operate could be challenged without sustained community investment.
- ◆ Regulatory shifts may demand rapid adaptation in customer communications and outreach norms.



### Strategic Response

- ◆ Rolled out localized customer engagement and loyalty campaigns across key regions.
- ◆ 'සමය' CSR platform continued with Blood donation drives, Donations to schools (labs & audio systems)
- ◆ Strengthened internal communication
- ◆ Maintained active dialogue with regulators through timely disclosures
- ◆ Continued employee engagement through initiatives like "Coffee with CEO," the CEO's Challenge Trophy, Mercantile league participation, and recognition programs.



### Outcomes

Customer base	Expanded by 17%
CSR outreach initiatives	4+ major campaigns
Customer satisfaction	High retention and renewal rates, including a 75% deposit renewal rate
Stakeholder trust	Recognised among LMD's Top 10 Most Loved Brands in Financial Services
Brand visibility	Improved recall through regional activations, digital engagement, and emotional branding



#### SDGs



#### Stakeholders



#### Material Topics

- ◆ Customer trust
- ◆ Social responsibility
- ◆ Stakeholder engagement
- ◆ Ethical conduct



### Strengthening Customer Trust Through Empathy and Innovation

In the Financial Year 2024/25, Singer Finance proudly served over 137,000 customers, offering 174,651 tailored financial solutions. But beyond these figures lies the essence of what we stand for: making customers feel heard, seen, and supported.

Our customer relationships are defined by accessibility, linguistic inclusivity, and emotional intelligence. The ethos of "We Feel You" is not a slogan—it is a philosophy embedded into every customer touchpoint. In communities where financial literacy is still growing, we act as educators. In regions where access is limited, we act as enablers. In moments of personal or economic stress, we act as companions.

This year, we localized our engagement strategies with region-specific campaigns. From the Northern Province to the Southern coast, we introduced loan and savings products tailored to local socioeconomic dynamics. These included promotional gold loan offerings during seasonal festivals, small-ticket leasing schemes in agricultural districts, and micro-saving options for informal sector workers. Our "Hithawathkama" initiative—a gold loan loyalty scheme—emerged as a heartfelt expression of appreciation for returning customers, offering them not only financial advantages but a sense of recognition.

Our digital presence, too, mirrored this empathetic strategy. Through short videos in Sinhala, Tamil, and English on platforms like TikTok (where our followers surged from 19,000 to 46,000+), we delivered customer education content that simplified financial products and encouraged informed decision-making. These campaigns included animated guides on savings habits, customer testimonials, and myth-busting videos about loan eligibility—all presented in an

## SOCIAL AND RELATIONSHIP CAPITAL

engaging, culturally sensitive manner.

Customer support was further enhanced through CRM upgrades that allowed for faster query resolution and more personalized communication. Each service agent was trained not just in systems, but in empathy. The outcomes were telling: zero data breaches, zero violations and rising customer satisfaction scores across multiple channels.

**Top 10 Most Loved Financial Services Brand (LMD, 2024).**

**75% deposit renewal rate.**

**High brand recall and positive sentiment from digital campaigns.**



### Customer Data Protection

GRI 418-1

We are committed to ensuring the fair and ethical use of customer data. Secure data storage and extraction processes are implemented and strictly limited to what is necessary for each transaction. As our operations increasingly rely on digital platforms, we have introduced robust control measures to uphold data protection and customer confidentiality. During the reporting period, there were no substantiated complaints concerning breaches of customer privacy or losses of customer data, reflecting our ongoing commitment to responsible data governance.

### Customer Health and Safety

GRI 416-1, GRI 416-2

At Singer Finance, the health and safety of our customers is a foundational priority across our branch network. All customer-facing premises are equipped with fire extinguishers and are safeguarded by trained security personnel to ensure a secure, risk-mitigated environment. As part of our facilities management protocols, each branch undergoes regular inspections to assess and improve physical safety measures, including emergency exits, signage, and fire response readiness. We continually evaluate the potential health and safety impacts of our physical service environment during facility upgrades and new branch openings. During the reporting period, there were no recorded incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of our services.



### Strategic Partnerships and Suppliers

#### Creating Shared Value Across the Value Chain

GRI 2-6, GRI 204-1

As a non-bank financial institution deeply embedded in the Sri Lankan economy, Singer Finance (Lanka) PLC relies on a robust network of 805 business partners, vendors, and suppliers across the island to deliver our services efficiently, ethically, and responsibly. These strategic partnerships are not peripheral—they are integral to our value chain, enabling seamless operations while supporting national economic development.

Our supplier relationships are guided by principles of transparency, fairness, and mutual value creation. We prioritize long-term engagements that reflect our values, environmental awareness, and compliance with ethical standards. All partners are screened for alignment with our procurement policies and expected to adhere to service-level agreements and legal obligations.

Our procurement and supply chain strategy emphasizes localization. A significant portion of our procurement spend is directed toward local vendors, contributing to regional economic development. In the Financial Year 2024/25, approximately over 99% of our supplier payments were made to Sri Lankan entities, reinforcing our role in supporting domestic industries and minimizing supply-chain carbon intensity. Our suppliers span a wide range of categories, including:

- ◆ IT and systems vendors
- ◆ Security and facility management service providers
- ◆ Marketing and creative agencies
- ◆ Office equipment and stationery suppliers
- ◆ Construction and maintenance vendors
- ◆ Logistics, courier, and transport providers

Supplier selection is conducted through a competitive, transparent process. Beyond pricing and capability, we assess vendors based on their compliance history, financial stability, after-sales support, and ethical practices. New suppliers undergo a due diligence process, and key vendors are reviewed annually through performance audits and service reviews.

Capacity-building is an important part of our engagement model. We conduct joint planning sessions with major suppliers and encourage knowledge-sharing to improve service delivery and innovation. Timely payment processing is another hallmark of our commitment, with payment terms standardized and monitored through internal SLAs.

Through these structured, mutually respectful relationships, we build supply chain resilience, reduce operational risks, and co-create value that extends well beyond our organization.



### **Our Employees: Champions of Culture, Carriers of Compassion**

**987 full-time employees;  
strong retention across  
branches**

**Stable turnover rate at  
23% in a competitive  
talent environment**

At the heart of our social promise are the people who embody it every day. With a team of 987 full-time employees and 172 outsourced personnel, our human capital is our frontline in building lasting relationships.

In the Financial Year 2024/25, we invested deeply in internal culture transformation. The “Make People Feel Great” (MPFG) movement became our flagship internal service culture initiative. Through physical workshops, scenario-based training, and peer-sharing sessions, employees were coached to bring emotional intelligence into their daily interactions—with customers, colleagues, and even themselves.

Mental wellness emerged as a core priority. Recognizing the stressors of the post-pandemic economy, we launched a counselling program in partnership with licensed psychologists. Employees were offered confidential access to mental health support, both virtually and at selected branches. This initiative was coupled with physical wellness programs that included fitness sessions, yoga workshops, and nutritional awareness drives—designed to support holistic well-being.

Communication and recognition were also revitalized. We hosted regular “Coffee With CEO” sessions across regions, allowing employees at all levels to speak candidly with the leadership. These informal forums became a source of ideas, concerns, and inspiration. We also celebrated service milestones with the Employee Appreciation Awards, which honored long service, innovation, and excellence. Events such as the CEO’s Challenge Trophy and participation in the Mercantile League brought staff together beyond work, nurturing a unified, high-energy team culture.

Singer Finance’s 20th anniversary in 2024 served as both a celebration and a recommitment to our people. Under the campaign theme “Two Decades of Trust,” we organized nationwide internal events that reflected our journey—not as a company, but as a collective of individuals who have contributed to something greater than themselves.

### **Community Impact: Delivering Real Change Through ‘සේකර’**

**GRI 413-1, GRI 203-1, GRI 413 -2**

Singer Finance does not operate in isolation. We are deeply embedded in the communities we serve, and our ‘සේකර’ CSR platform embodies our responsibility to uplift, protect, and empower those around us.

During the Financial Year 2024/25, our CSR investments, totalling Rs. 922,017, were channeled into impactful, multi-dimensional programs that spanned health, education, environmental sustainability, and social inclusion.

One of the most visible efforts was our series of Blood Donation Drives, conducted in partnership with government hospitals. These campaigns, executed across multiple districts, responded to ongoing shortages in national blood supply, particularly during the dengue season. The participation of our staff and customers turned these into community-wide events—promoting not only health but unity.



During the Financial Year 2024/25, our company collaborated with the Central Environment Authority to conduct the “Green Practices for Corporate Environment” Awareness Session for our staff. This initiative was designed to educate employees on sustainable practices, promoting a culture of environmental responsibility in the workplace. The session addressed key areas such as waste reduction, energy conservation, and eco-friendly operational strategies, empowering our team to actively support the company’s sustainability objectives. Through this effort, we strengthened our commitment to environmental stewardship, aligning with our broader Corporate Social Responsibility goals.

In education, we focused on digital equity. Computer and audio system donations were made to under-resourced rural schools. These were not isolated acts of charity but structured interventions informed by school-specific need assessments. The donated equipment was accompanied by training sessions for students and teachers on digital literacy, ensuring long-term usability and impact.

## SOCIAL AND RELATIONSHIP CAPITAL



Environmental stewardship was realized through our Karanda Tree Plantation Project, a biodiversity and education initiative conducted at two national schools. Beyond planting trees, the program included workshops on climate change and sustainability—delivered in Sinhala and Tamil—with students actively participating in the care of the saplings.



A particularly meaningful initiative was the ICT Empowerment Program implemented at the State Social Services Department. We developed a fully functional media unit for them, equipped with computers, cameras, and editing software, enabling the digital inclusion of vulnerable and differently-abled individuals in public service access.



Cultural inclusion was also nurtured through events like the Vesak Ice Cream Dansala, which welcomed hundreds of visitors at our branch locations. These events, simple in form, are profound in social value—fostering religious harmony, community spirit, and goodwill.



Our CSR strategy is not one-size-fits-all. It is community-specific, data-informed, and impact-assessed. Every rupee spent is measured not just in reach, but in resonance.

No operations with significant actual and potential negative impacts on local communities were reported during the year.

### Responsible Partnerships and Outsourced Workforce Welfare

We recognize that our relationship ecosystem extends far beyond our direct employees. 805 partners—including vendors, outsourcing agencies, logistics providers, and marketing firms—work alongside us. These relationships are founded on mutual respect, contractual fairness, and shared commitment to ethical conduct.

The 172 outsourced staff engaged across operations—including call centers, logistics, and cleaning—are offered not only structured training but also fair working conditions, multilingual communication tools, and inclusion in company events.

### Regulatory Engagement: A Model of Compliance

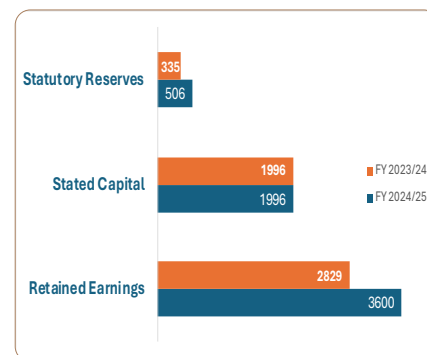
Our relationship with regulators is governed by integrity and openness. In the Financial Year 2024/25, we maintained a spotless record with zero fines, penalties, or breaches across all regulatory frameworks.

We proactively engaged with the Central Bank of Sri Lanka and Inland Revenue Department on evolving compliance requirements, particularly in relation to AML/CFT, capital adequacy, and product disclosures. Liquidity stress testing was conducted at multiple intervals, with outcomes documented and reported on schedule. Policy alignment was ensured through internal audits and governance reviews.

### Investor Relations and Shareholder Value Creation

Our shareholders remain central to our sustainability strategy. In the Financial Year 2024/25, we achieved Rs. 852 million in net profit, reflecting a 111% year-on-year growth, and improved Return on Equity to 15%. Total equity rose by 17%, largely through profit retention. No dividends were declared, preserving capital to meet CBSL's evolving regulatory thresholds.

Our investor communication practices were strengthened through digital reports, regular updates, and structured Q&A sessions, ensuring that trust and clarity underpin every investor interaction.



◆ **Governance and Risk Oversight:**

Continued to uphold strong risk governance through board-led oversight, regulatory compliance, and robust internal controls that build investor confidence.

**Future Outlook**



Our social capital journey is anchored in empathy, trust, and meaningful stakeholder relationships.  
We aim to evolve these relationships through sustained engagement, purpose-driven outreach, and inclusive brand experiences—mapped across three strategic horizons:

**Short-term (2025/26):**

Deepen regional outreach with localised community and CSR programmes  
Enhance stakeholder trust through improved digital engagement and feedback channels

**Medium-term (2026–2028):**

Build stronger public-private partnership for scalable social impact  
Expand inclusive financial literacy and service access initiatives

**Long-term (2028 onwards):**

Become a benchmark for purpose-driven financial services in Sri Lanka  
Institutionalise social impact reporting and ESG-led stakeholder engagement



Risks	Opportunities
Reputational risks due to poor handling of public grievances or social issues.	Lead the industry in emotional branding and stakeholder-centric engagement.
Stakeholder disengagement if campaigns fail to resonate locally.	Leverage social media and partnerships to amplify CSR impact and reach new audiences.



## SOCIAL AND RELATIONSHIP CAPITAL

### Outlook: Extending the Fragrance of Trust

At Singer Finance (Lanka) PLC, our Social and Relationship Capital is the fragrant essence of our mission, akin to the sandalwood tree whose enduring aroma fosters connection and enriches lives. In the Financial Year 2025/26, we are committed to strengthening the trust, loyalty, and goodwill that define our relationships with customers, communities, depositors, micro, small, and medium enterprises (MSMEs), and broader stakeholders. Our strategic priorities focus on amplifying community engagement, humanizing our brand, tailoring campaigns to stakeholder needs, promoting financial empowerment, and enhancing feedback mechanisms. Each priority is a seed planted to nurture a future where every Sri Lankan feels valued and empowered, reflecting the sandalwood's legacy of resilience and harmony.

#### ◆ Increasing Community Engagement Through Targeted “සත්කරා” Initiatives

Our “සත්කරා” (Sathkara) initiatives embody our commitment to heartfelt service, fostering deeper connections with communities across Sri Lanka. In FY 2025/26, we will expand these programs by hosting community-centric events, such as financial literacy workshops and entrepreneurship seminars, tailored to local needs. For instance, we will partner with community leaders to deliver sessions that empower women and youth with skills for financial independence. These initiatives will be rolled out across urban and rural branches, ensuring inclusivity and accessibility. By engaging directly with communities, we aim to build lasting relationships that resonate with the sandalwood's nurturing presence, creating a ripple effect of trust and empowerment.



#### ◆ Strengthening Brand Trust by Humanizing Digital Communication

To deepen trust, we will infuse our digital communication with warmth and authenticity, reflecting the empathy at our core. In FY 2025/26, our social media platforms—Facebook, Instagram, TikTok, and LinkedIn—will feature storytelling campaigns that highlight real customer journeys, such as MSME owners achieving their dreams through our loans. Interactive content, like live Q&A sessions with branch managers and behind-the-scenes videos of our community initiatives, will bridge the digital divide, making our brand relatable and approachable. By humanizing our digital presence, we will foster a sense of belonging, much like the sandalwood's fragrance that draws people together in shared harmony.

#### ◆ Expanding Stakeholder-Specific Campaigns

Recognizing the diverse needs of our stakeholders, we will launch targeted campaigns to strengthen relationships with depositors and MSMEs. For depositors, we will roll out personalized communication strategies, such as tailored email updates and exclusive webinars on wealth management, emphasizing security and growth. For MSMEs, campaigns will focus on accessible financing solutions, with regional radio ads and in-branch promotions highlighting flexible loan products. These efforts will be supported by customer success stories shared across digital platforms, showcasing how our services empower small businesses to thrive. Like the sandalwood tree adapting to its

environment, these campaigns will resonate with stakeholder aspirations, building loyalty and trust.



#### ◆ Developing Inclusive Programs for Financial Empowerment

Financial empowerment is the cornerstone of our mission to uplift every Sri Lankan. In FY 2025/26, we will introduce inclusive programs designed to promote financial literacy and access, particularly for underserved groups such as women, rural entrepreneurs, and low-income households. These programs will include mobile financial clinics that visit remote areas, offering free consultations on budgeting, savings, and loan options. Additionally, we will launch digital tutorials in Sinhala, Tamil, and English, covering topics like debt management and investment planning, accessible via our website and app. By equipping individuals with knowledge and tools, we will nurture financial independence, mirroring the sandalwood's role in sustaining its ecosystem.



#### ◆ Improving Internal-External Feedback Mechanisms and NPS Measurement

To ensure our services remain customer-centric, we will enhance feedback mechanisms

and Net Promoter Score (NPS) measurement processes. Internally, we will implement regular employee feedback forums, encouraging staff to share insights on customer interactions and operational challenges. Externally, we will introduce user-friendly feedback channels, such as SMS surveys and in-app rating prompts, to capture customer sentiments in real time. NPS data will be analyzed quarterly to identify trends and drive service improvements, with branch-level action plans to address pain points. These efforts will create a culture of continuous improvement, ensuring our relationships grow as strong and enduring as the sandalwood's roots.



These strategic priorities reflect our unwavering commitment to fostering trust, empowerment, and connection across Sri Lanka. By deepening community ties, humanizing our brand, tailoring stakeholder engagement, promoting financial inclusion, and refining feedback systems, we are cultivating a legacy of social good. Like the sandalwood tree, whose fragrance lingers long after its bloom, Singer Finance will continue to nurture relationships that inspire, uplift, and endure, shaping a future where every stakeholder thrives.

With a strong foundation in empathy and connection, we are committed to deepening our relationships with all stakeholders — not only to build brand equity, but to create lasting, meaningful social impact.

Just as the scent of the sandalwood tree continues to linger long after the tree itself is gone, our relationships—built on

empathy, trust, and care—leave a lasting imprint on every life we touch. At Singer Finance, Social and Relationship Capital is not a line item on our integrated report. It is our living, breathing promise to the people of Sri Lanka.

Through sustained stakeholder engagement, community investment, and ethical operations, we continue to build a brand that does more than offer finance. We offer connection. We offer empowerment. We offer hope.





## NATURAL CAPITAL

Embracing the Essence of Sustainability:  
Our Commitment to a Greener Tomorrow

**At Singer Finance (Lanka) PLC, we recognize the profound and intricate connection between business success and the stewardship of natural resources. We embrace natural capital as a foundational pillar of our sustainable business strategy. Just as sandalwood grows strong and fragrant over time, our commitment to natural capital is built on the principles of longevity, conservation, and responsible resource management.**

Natural capital encompasses the earth's finite resources – the air we breathe, the water we consume, the energy we harness, and the biodiversity that sustains life. At Singer Finance, we recognize that our business's success is intricately tied to the health of these natural resources. Our approach to natural capital goes beyond compliance, embodying a proactive commitment to sustainability, conservation, and value creation for all stakeholders.

### Management Approach to Natural Capital Management

**GRI 3-3**

Singer Finance (Lanka) PLC adopts a strategic and proactive management approach to natural capital, integrating environmental stewardship into our core operations to ensure the sustainable use of finite resources such as air, water, energy, and biodiversity. Recognizing the intrinsic link between business resilience and ecosystem health, we prioritize resource conservation, energy efficiency, and biodiversity protection through robust policies and practices aligned with regulatory requirements and global sustainability standards. In the year 2024/25, we advanced our commitment by expanding green financing initiatives, increase in electric and hybrid vehicle

leasing, implementing energy-efficient technologies in our operations, and conducting environmental impact assessments for lending decisions. Regular monitoring, stakeholder engagement, and transparent ESG reporting ensure accountability, while training programs foster an environmentally conscious culture among employees, driving long-term value creation for stakeholders and reinforcing our role as a responsible corporate citizen.

### Resource Conservation: Comprehensive Management of Natural Capital

#### A. Energy Management: Efficiency and Renewable Solutions

At Singer Finance (Lanka) PLC, energy

management is a cornerstone of our natural capital strategy, reflecting our commitment to reducing environmental impact and achieving sustainability goals. Recognizing the critical link between energy efficiency and greenhouse gas (GHG) emission reductions, we have implemented a multi-faceted energy strategy to optimize resource use, transition to renewable energy, and foster a culture of conservation across our operations. Aligned with the Central Bank of Sri Lanka's Environmental and Social Risk Management guidelines and global standards, our approach supports the United Nations Sustainable Development Goals (SDGs) 7 (Affordable and Clean Energy) and 12 (Responsible Consumption and Production). In 2024/25, we made significant strides

in reducing energy intensity, expanding renewable energy adoption, and embedding accountability through robust governance, ensuring sustainable value creation for stakeholders

### Energy Management Strategy

#### GRI 302-1, GRI 302-3, GRI 302-4

Our energy management strategy focuses on reducing dependence on fossil fuels, enhancing energy efficiency, and integrating renewable energy sources to minimize our carbon footprint. We track and monitor energy consumption across all branches and head office operations using a Group-Wide Energy Management System, which provides real-time data to identify the Financial Year inefficiencies and opportunities for improvement. Performance against energy reduction targets is reported quarterly to the sector-level ESG Steering Committee, ensuring transparency and accountability. Key initiatives include:

- ◆ **Energy-Efficient Infrastructure:** All branches are equipped with LED lighting, inverter air conditioners, and energy-efficient appliances, reducing energy wastage and utility costs. Regular maintenance and equipment upgrades ensure optimal performance.
- ◆ **Solar Power Adoption:** Solar panels have been installed at 11 branches, contributing to an increase in renewable energy usage in 2024/25. This aligns with our target of achieving 30% renewable energy usage by 2030.
- ◆ **Employee Engagement:** Comprehensive Awareness programs educate staff on energy-saving practices, empowering Operations Officers to champion sustainable behaviors at all levels.

### The Financial Year 2024/25 Energy Performance

Singer Finance recorded an energy consumption of 1,371,909 kilowatt-hours (kWh) during The Financial Year 2024/25, marking a 26.4% increase compared to 1,085,212 kWh in the previous year. This rise in energy usage reflects the

Company's purposeful expansion of operations, including new branch openings and digitization efforts that supported business growth and enhanced customer reach. Despite the increase in absolute consumption, energy was used to power scalable infrastructure aligned with long-term efficiency goals. Notably, renewable energy—primarily from solar installations—contributed to 20% of our total energy mix, up from 5% last year, reinforcing our commitment to clean energy adoption.

### Energy Intensity

Metric	2024/25	2023/24
Number of Employees	987	942
Energy Consumption (kWh)	1,371,909	1,085,212
Energy Intensity (kWh/Employee)	1,390	1,152
% Increase in Energy Intensity	20.7%	–

While energy intensity rose by 20.7% in line with operational scaling, this was a calculated outcome of strategic investments, and we remain focused on long-term reduction targets through continuous improvements and greater reliance on renewable sources.

### Energy intensity for each product

Product Type	Number of Products/Facilities	Total Energy Consumption (kWh)	Energy Intensity (kWh per Unit)
Savings	48,878	1,371,909	28.07
Fixed Deposits	10,870	1,371,909	126.21
Total Deposits (Savings + FD)	59,748	1,371,909	22.96
Lending Facilities	114,903	1,371,909	11.94

### Emission Reduction Efforts

To mitigate our environmental impact, we have implemented systems to monitor and report Scope 1 Emissions. In The Financial Year 2024/25, we enhanced emission tracking through digital platforms, enabling precise measurement and reporting. Key actions included:

- ◆ Transitioning to renewable energy sources, reducing reliance on grid-based fossil fuels.

These efforts align with our commitment to SDG 13 (Climate Action) and contribute to a lower carbon footprint, reinforcing our role as a responsible financial institution

### Future Commitments

Looking ahead to the Financial Year 2025/26, Singer Finance aims to:

- ◆ Increase renewable energy usage by an additional 5%, targeting 15% of total energy from sustainable sources.
- ◆ Achieve a further 2% reduction in energy intensity through expanded LED lighting and smart energy systems.
- ◆ Install solar panels in 5 additional branches, advancing our 2030 goal of 30% renewable energy.
- ◆ Enhance employee training on energy conservation, targeting 100% staff participation in sustainability programs.

By embedding energy management into our strategic priorities, we aim to reduce our environmental impact, lower operational costs, and create lasting value for

## NATURAL CAPITAL

stakeholders, aligning with global sustainability standards and local regulatory expectations.

### B. Water Management: Sustainable Use of a Precious Resource

GRI 303-1, GRI 303-2, GRI 303-5

Singer Finance (Lanka) PLC recognizes water as a vital and finite resource, integral to our commitment to sustainable natural capital management. Our comprehensive water management strategy is designed to minimize consumption, reduce wastage, and promote responsible usage across all operations, aligning with the Central Bank of Sri Lanka's Environmental and Social Risk Management guidelines and the United Nations Sustainable Development Goal (SDG) 6 (Clean Water and Sanitation). By implementing water-efficient technologies, fostering employee and stakeholder engagement, and prioritizing wastewater management, we aim to conserve water resources while supporting long-term environmental sustainability. In The Financial Year 2024/25, we advanced our water conservation efforts through targeted initiatives and robust monitoring, reinforcing our role as a responsible corporate citizen.

#### Water Management Strategy

Our water management strategy emphasizes the 4R concept—Reduce, Recycle, Recover, and Reuse—to optimize water usage and minimize environmental impact. We track water consumption across all branches and the head office using a centralized monitoring system, with performance data reported quarterly to the Sustainability Team and sector-level ESG Steering Committee. Key initiatives include:

- ◆ **Water Reduction Programs:** Implemented across all operational sites, these programs focus on identifying the Financial Year and eliminating inefficiencies in water use, supported by regular maintenance to prevent leaks.

- ◆ **Water-Saving Technologies:** Installed sensor taps in newly opened branches and low-flow faucets and toilets in existing facilities to reduce water wastage automatically.
- ◆ **Employee and Stakeholder Engagement:** Conducted training sessions to educate employees on water conservation practices, while 'green wall' posters in branches raise awareness among customers about responsible water usage.
- ◆ **Wastewater Management:** Explored opportunities to recycle and reuse wastewater, with ongoing assessments to integrate feasible systems, reducing our overall water footprint.
- ◆ **Leakage Management:** Proactively monitored and repaired leaks at all locations, significantly reducing unintended water loss.

#### 2024/25 Water Performance

During The Financial Year 2024/25, Singer Finance consumed 11,347 cubic meters of water, reflecting a 24.7% increase from 9,097 cubic meters in the previous year. This increase correlates with the Company's strategic growth in branch operations and expanded customer-facing activities across the island. While overall consumption rose, it remains within manageable limits and aligns with operational scale. We continue to uphold our commitment to responsible water usage by integrating water-efficient fixtures in new branches and promoting employee awareness on conservation. Further, the Company is exploring the implementation of rainwater harvesting systems by The Financial Year 2026/27, reinforcing our long-term approach to sustainable water management.

#### Governance and Accountability

The Sustainability Team, in collaboration with department heads and regional managers, oversees the implementation of our Water Management Policy, ensuring alignment with strategic objectives. Detailed action plans with clear timelines and responsibilities guide our efforts, while regular performance monitoring tracks water usage and

conservation outcomes. The ESG Steering Committee reviews water management data quarterly, integrating findings into executive reporting to maintain accountability. In The Financial Year 2024/25, We allocated resources for water-efficient infrastructure upgrades and conducted employee training for over 60% of branch managers, reinforcing a culture of conservation.

#### Stakeholder Engagement and Awareness

Engaging employees, customers, and suppliers is central to our water management strategy. In The Financial Year 2024/25, we expanded our water conservation awareness campaign, reaching employees through awareness programs that highlighted practical water-saving techniques. Customer-facing initiatives, such as posters on branch 'green walls,' encouraged responsible water use, resonating with our broader sustainability goals. We also collaborated with suppliers to promote water-efficient practices in their operations, aligning with our policy to foster best practices across the value chain. These efforts strengthened stakeholder trust and supported community-level water conservation, contributing to SDG 12 (Responsible Consumption and Production).

#### Future Commitments

For The Financial Year 2025/26, Singer Finance is committed to:

- ◆ Achieving an additional 5% reduction in water wastage, targeting a cumulative 10% reduction since The Financial Year 2023/24.
- ◆ Expanding sensor tap installations to 15 more branches and piloting wastewater recycling systems in 5 additional locations.
- ◆ Enhancing employee training to achieve 100% participation in water conservation programs.
- ◆ Conducting water audits in all branches to identify the Financial Year further efficiency improvements, aiming for a 2% reduction in water intensity (liters/m<sup>2</sup>).

- ◆ Partnering with local communities to support water conservation projects, reinforcing our social responsibility commitment.

By embedding these commitments into our operations, we aim to progress toward our 2030 goal of a 30% reduction in water wastage, ensuring sustainable resource use and environmental stewardship

### C. Material and Waste Management: Reducing Our Environmental Footprint -

Singer Finance (Lanka) PLC is deeply committed to sustainable waste management as a critical pillar of our natural capital strategy, aiming to minimize environmental impact through responsible material use, waste reduction, and robust recycling initiatives. By embedding the 5R principles—Refuse, Reduce, Reuse, Recycle, and Recover—into our operations, we strive to optimize resource efficiency, promote sustainable sourcing, and foster a culture of environmental stewardship across our branches and head office. Aligned with the Central Bank of Sri Lanka's Environmental and Social Risk Management guidelines and the United Nations Sustainable Development Goals (SDGs) 12 (Responsible Consumption and Production) and 14 (Life Below Water), our waste management efforts in The Financial Year 2024/25 delivered significant environmental benefits, including reduced landfill use and resource conservation. Through strategic partnerships, employee engagement, and innovative technologies, we are advancing toward our 2030 sustainability targets while creating value for stakeholders.

#### Waste Management Strategy

Our waste management strategy is designed to minimize waste generation, enhance recycling, and ensure responsible disposal, guided by lean management practices and the 5R concept. We monitor material usage and waste streams across all operational sites, with performance data reported quarterly to the Sustainability Team and sector-level ESG Steering Committee. Key initiatives include:

- ◆ **Waste Paper Recycling:** Partnered with Neptune Recyclers to collect and recycle 1,983 kg of waste paper, preventing landfill contribution and conserving resources
- ◆ **Sustainable Sourcing:** Ensured 100% of paper products are sourced from certified sustainable suppliers, with evaluations conducted to verify compliance with environmental standards
- ◆ **Recycling Programs:** Installed recycling bins in all branches and the head office, segregating paper and other recyclables. Collaborated with licensed waste management providers to ensure environmentally compliant disposal.
- ◆ **Employee Engagement:** Campaigns encouraged digital alternatives like QR code top-ups to minimize printed materials.
- ◆ **Innovative Solutions:** Leveraged technology to reduce physical material use, such as e-statements and digital workflows, further decreasing waste generation.

#### The Financial Year 2024/25 Material and Waste Performance

In The Financial Year 2024/25, Singer Finance's Paper Recycling Programme delivered significant environmental outcomes, recycling 1,983 kg of waste paper. This effort resulted in:

- ◆ **Fully Grown Trees Saved:** 34, preserving forest ecosystems.
- ◆ **Oil Saved:** 3,480 liters, reducing fossil fuel consumption.
- ◆ **Electricity Saved:** 7,392 kWh, equivalent to powering several households.
- ◆ **Water Saved:** 63,020 liters, supporting water conservation goals.
- ◆ **Landfill Space Avoided:** 6 cubic meters, minimizing environmental degradation.

#### Governance and Accountability

The Sustainability Team, in collaboration with top management, department heads, and regional managers, oversees the implementation of our Material and Waste Management Policy. Detailed

action plans outline clear timelines and responsibilities, ensuring effective execution of waste reduction and recycling initiatives. Performance is monitored through regular audits and digital tracking systems, with results reported to senior management and the ESG Steering Committee. In The Financial Year 2024/25, we allocated resources for recycling infrastructure upgrades and conducted supplier sustainability assessments to enforce compliance. Accountability is embedded at all levels, with waste management KPIs integrated into managerial performance evaluations, ensuring alignment with our environmental goals.

#### Future Commitments

For The Financial Year 2025/26, Singer Finance is committed to:

- ◆ Reducing total waste generation by an additional 5%, targeting a cumulative 15% reduction since The Financial Year 2023/24.
- ◆ Increasing recycled paper usage to 25%, advancing toward the 30% target by 2030.
- ◆ Achieving a 65% paper recycling rate, progressing toward the 75% goal by 2030.
- ◆ Expanding recycling bins to 5 additional branches and piloting plastic waste recycling programs.
- ◆ Enhancing employee training to achieve 100% participation in waste management programs.
- ◆ Partnering with local communities to support recycling initiatives, reinforcing our social responsibility commitment.

These commitments aim to further minimize our environmental footprint, optimize resource use, and align with global and local sustainability standards.

#### D. Climate Change Mitigation: Reducing Our Carbon Footprint and GHG Emissions

GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-5

Singer Finance (Lanka) PLC is steadfast in its commitment to mitigating climate change by reducing our carbon footprint

## NATURAL CAPITAL

and fostering sustainable practices that align with Sri Lanka's environmental objectives and global sustainability goals. As a financial institution, we recognize our pivotal role in addressing climate challenges through innovative green financing, sustainable transportation solutions, and digital transformation initiatives. Guided by the Central Bank of Sri Lanka's (CBSL) Sustainable Finance Roadmap and Taxonomy, our climate change mitigation strategy supports the United Nations Sustainable Development Goals (SDGs) 7 (Affordable and Clean Energy) and 13 (Climate Action). In The Financial Year 2024/25, we achieved significant progress in reducing greenhouse gas (GHG) emissions, expanding renewable energy adoption, and promoting eco-friendly practices among customers and stakeholders, reinforcing our dedication to a low-carbon future.

### Climate Change Mitigation Strategy

Our climate change mitigation strategy focuses on reducing GHG emissions through targeted financial products, operational efficiencies, and stakeholder engagement, ensuring alignment with the

CBSL's sustainability framework. Key initiatives include:

- ◆ **Green Financing:** Expanded our portfolio of green loans, eco-friendly mortgages, and sustainable project financing, supporting renewable energy, energy efficiency, and green infrastructure projects. These products comply with the CBSL Taxonomy, ensuring positive environmental impact.
- ◆ **Solar Lending Initiatives:** Promoted solar home systems, commercial solar projects through favorable loan terms, encouraging the adoption of renewable energy and reducing reliance on fossil fuels.
- ◆ **Sustainable Transportation:** Increased financing for hybrid and electric vehicle leasing in The Financial Year 2024/25, supporting low-emission mobility and contributing to Sri Lanka's transition to cleaner transportation.
- ◆ **Digital Transformation:** Accelerated digital customer onboarding, e-statements, and transaction processes, reducing paper consumption and associated carbon emissions.
- ◆ **Stakeholder Engagement:** Educated customers and employees on climate-friendly practices through awareness campaigns and training, fostering a culture of sustainability across our value chain.

### 2024/25 Carbon Reduction Performance

In the year 2024/25, Singer Finance reduced GHG emissions by 676.06 kg of carbon equivalent, driven by our paper recycling program, digital initiatives, and renewable energy adoption.

Scope	Emission Source	Unit	Quantity	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	Total CO <sub>2</sub> e
Scope 1	Diesel – Stationary Combustion	Litres	100	0.27	0.00	0.00	0.27
Scope 2	Imported Electricity (Grid - Location Based)	kWh	1,371,909	586.90	–	–	586.90
Scope 3	Fuel & Energy Related Activities (T&D Loss & Water Supply)	kWh & m <sup>3</sup>	11,487.67	61.88	–	–	61.88
	Upstream Transportation & 3rd Party Vehicles	Km & Ltrs	1,100.00	2.94	0.00	0.04	2.99
	Waste Generated in Operations	Kgs	1,983.00	0.01	–	–	0.01
	Employee Commuting	Km	9,520,240.92	387.55	–	–	387.55
Total	GHG Emissions (All Scopes)			974.72	0.01	0.04	1,039.61
GHG Saving	Solar Electricity Offset	kWh	913,105	676.06	–	–	676.06

The GHG emissions analysis for Singer Finance in The Financial Year 2024/25 reveals that the majority of emissions originated from Scope 2 activities, primarily due to the consumption of grid electricity, contributing 586.90 tonnes CO<sub>2</sub>e. Scope 3 emissions, totaling 452.44 tonnes CO<sub>2</sub>e, were driven largely by employee commuting and fuel-related transmission and distribution losses. Scope 1 emissions remained minimal at just 0.27 tonnes CO<sub>2</sub>e, attributed to limited stationary diesel combustion. Notably, Singer Finance achieved a significant offset of 676.06 tonnes CO<sub>2</sub>e through its solar energy initiatives, surpassing total Scope 1 emissions and partially neutralizing Scope 2 and 3 emissions. This reflects the company's ongoing commitment to renewable energy adoption and carbon footprint reduction.

## GHG Emission Intensity

Metric	Value
Total GHG Emissions (Scopes 1, 2 & 3)	1,039.61 tonnes CO <sub>2</sub> e
Number of Employees	987
Total Revenue	Rs. 9,706 million
Total Financial Products (Deposits + Lending)	174,651
GHG Intensity per Employee	1.05 tonnes CO <sub>2</sub> e / employee
GHG Intensity per Rs. Million Revenue	0.1071 tonnes CO <sub>2</sub> e / Rs. million
GHG Intensity per Product	0.00595 tonnes CO <sub>2</sub> e / product

### Key Initiatives include:

- ◆ **Solar Power Utilization:** Solar panels installed in 11 branches contributed to 10% of our energy consumption, up from 5% in THE FINANCIAL YEAR 2023/24, reducing Scope 2 emissions from grid electricity.
- ◆ **Green Financing Portfolio:** Achieved a Rs. 37 million portfolio allocation for green financing projects, surpassing our annual KPI of 1% and progressing toward our 2030 target of 8%. This included Rs. 37 million in disbursements for solar home systems and energy-efficient upgrades.
- ◆ **Sustainable Transportation:** Financed hybrid and electric vehicle leases, reducing an estimated CO<sub>2</sub> emissions compared to conventional vehicles.

These efforts align with the CBSL's Sustainable Finance Roadmap and contributed to a measurable decrease in our carbon footprint, reinforcing our commitment to SDG 13.

## Governance and Accountability

The Sustainability Team, in collaboration with executive management and the ESG Steering Committee, oversees the implementation of our Green Finance Policy, ensuring alignment with CBSL and global standards. The Board reviews climate-related performance quarterly, integrating emission reduction KPIs into strategic planning.

## Future Commitments

For The Financial Year 2025/26, Singer Finance is committed to:

- ◆ Increasing green financing portfolio allocation to 2.5%, targeting Rs. 800 million in disbursements for green projects.
- ◆ Expanding solar panel installations to 20 branches, aiming for 15% of energy from renewable sources.
- ◆ Growing hybrid and electric vehicle lease financing by 15%, further reducing transportation-related emissions.
- ◆ Enhancing digital processes to achieve a 20% reduction in paper consumption, targeting an additional 3,000 kg of carbon emissions avoided.
- ◆ Conducting climate risk stress testing for 100% of our lending portfolio, integrating findings into credit policies.
- ◆ Partnering with local NGOs to support community-based climate resilience projects, reinforcing our social responsibility commitment.

These commitments aim to accelerate our progress toward the 2030 target of an 8% green financing portfolio and a 10% reduction in Scope 2 emissions, ensuring alignment with national and global climate goals.

## Governance of Natural Capital

We maintain a robust governance framework for natural capital management, ensuring accountability and transparency at every level:

- ◆ **Board Oversight:** The ESG Committee, comprising Board members, reviews and approves all sustainability initiatives.
- ◆ **Management Accountability:** The Singer ESG Steering Committee and Working Committee are responsible for implementing sustainability policies, monitoring performance, and driving continuous improvement.
- ◆ **Policy Compliance:** Our Environmental Policy, Waste Management Policy, and Energy Management Policy are reviewed annually and aligned with international best practices.
- ◆ **Stakeholder Engagement:** We regularly engage with stakeholders, including employees, customers, and suppliers, to promote sustainability awareness and encourage environmentally responsible behaviors.



## NATURAL CAPITAL

### Future Focus:



#### Expanding Our Natural Capital Initiatives

At Singer Finance (Lanka) PLC, our commitment to natural capital is inspired by the sandalwood tree—a symbol of enduring strength, fragrant value, and sustainable growth. Just as sandalwood thrives through careful nurturing over decades, our vision for environmental stewardship is rooted in practical, long-term initiatives that balance ambition with Sri Lanka's unique environmental and economic realities. Our future focus builds on our existing sustainability framework, aiming to deepen our impact through resource conservation, stakeholder engagement, and community-driven solutions. Below, we outline our strategic priorities for the coming years, each designed to grow steadily and sustainably, like sandalwood in Sri Lanka's fertile soil:

#### 1. Scaling Renewable Energy Adoption

To reduce our reliance on fossil fuels and contribute to Sri Lanka's renewable energy goals, we will expand our solar energy program across our branch network:

- ◆ **Solar Panel Expansion:** We plan to install solar panels in an additional 10 branches by THE FINANCIAL YEAR 2026/27, prioritizing high-energy-consumption locations. This builds on our existing solar installations, which have already reduced our carbon footprint by 1,983 kg of carbon equivalent in The Financial Year 2024/25.
- ◆ **Partnerships with Local Providers:** We will collaborate with Sri Lankan renewable energy companies to access cost-effective solar solutions, ensuring affordability and local expertise in maintenance.
- ◆ **Employee Training:** Branch staff will receive training on solar energy management, enabling them to monitor and optimize energy usage effectively.
- ◆ **Customer Incentives:** We will enhance our Solar Financing schemes, offering low-interest loans for customers adopting solar panels for homes and small businesses, supporting Sri Lanka's transition to clean energy.

#### 2. Strengthening Carbon Footprint Management

While advanced carbon offset programs may be resource-intensive, we will implement practical, community-focused initiatives to reduce and offset our carbon footprint:

- ◆ **Tree Planting Campaigns:** In partnership with local environmental organizations and schools, we will launch an annual "Singer Green Future" tree planting initiative, aiming to plant 20,000 trees by 2027. These efforts will focus on native species to enhance biodiversity and support local ecosystems.
- ◆ **Carbon Awareness Programs:** We will conduct workshops for employees and customers to raise awareness about carbon reduction, encouraging simple actions like energy-efficient appliance usage and reduced vehicle emissions.

#### 3. Enhancing Water Conservation

Water scarcity is a growing concern in Sri Lanka, and we are committed to further reducing our water footprint:

- ◆ **Rainwater Harvesting Systems:** By THE FINANCIAL YEAR 2026/27, we aim to install rainwater harvesting systems in 2 of our branches, particularly in water-stressed regions. These systems will support non-potable water needs, such as landscaping and sanitation.
- ◆ **Water-Saving Technologies:** We will upgrade water fixtures in all branches with advanced low-flow taps and dual-flush systems, building on our The Financial Year 2024/25 achievement of saving 63,020 liters of water.
- ◆ **Community Engagement:** We will launch a "Water Wise" campaign, educating employees and local communities on water conservation techniques, such as mindful usage and leak prevention.

#### 4. Advancing Toward Zero-Waste Branches

Our goal is to minimize waste across our operations, aligning with Sri Lanka's waste management challenges:

- ◆ **Digital Documentation Push:** We aim to achieve 50% digital documentation by The Financial Year 2026/27, further reducing paper consumption beyond the 1,983 kg of waste paper recycled in The Financial Year 2024/25. This includes expanding our digital customer onboarding platform and e-signature processes.
- ◆ **Recycling Partnerships:** We will strengthen ties with local recycling firms to ensure all branches have access to reliable paper, plastic, and e-waste recycling services.
- ◆ **Single-Use Material Reduction:** We will phase out single-use plastics in branch operations, replacing them with reusable or biodegradable alternatives sourced from local suppliers.
- ◆ **Employee-Led Initiatives:** Each branch will appoint a "Green Champion" to oversee waste reduction efforts and promote recycling among staff.

#### 5. Empowering Employees as Sustainability Leaders

Our employees are at the heart of our sustainability journey, and we will invest in their development as environmental advocates:

- ◆ **Sustainability Leadership Program:** Starting in The Financial Year 2025/26, we will launch a program to train 56 employees annually as "Sustainability Champions." These employees will lead branch-level initiatives, such as energy-saving campaigns and waste audits.
- ◆ **Incentives for Innovation:** We will introduce a "Green Idea" award, recognizing employees who propose actionable sustainability solutions, such as process improvements or community outreach ideas.
- ◆ **Regular Training:** Quarterly workshops will cover topics like energy conservation, waste segregation, and biodiversity protection, ensuring all staff are equipped to contribute to our natural capital goals.

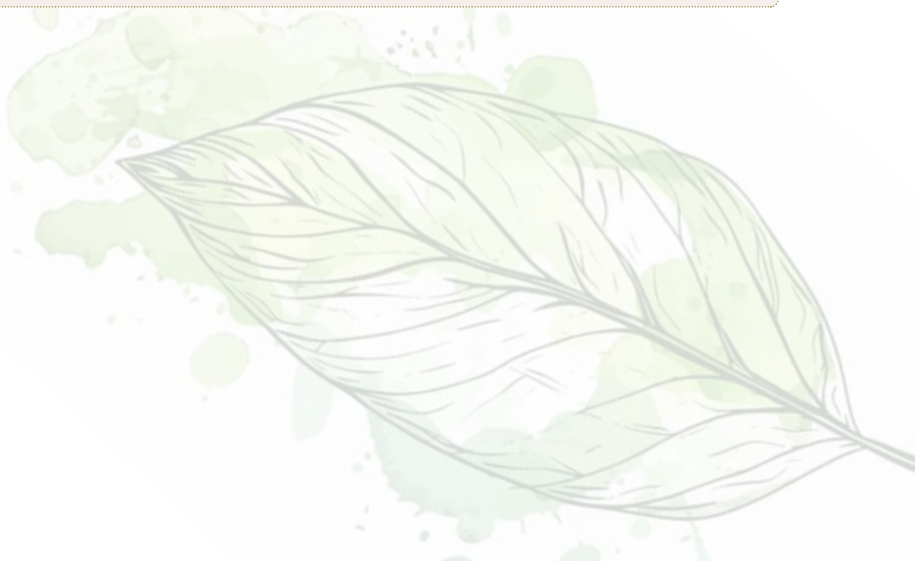
#### 6. Strengthening Stakeholder Engagement

Sustainability is a collective effort, and we will deepen our engagement with stakeholders to amplify the Financial Year our impact:

- ◆ **Customer Education:** We will integrate sustainability tips into our customer communications, such as promoting energy-efficient appliances and green financing options through SMS campaigns and branch displays.
- ◆ **Community Partnerships:** We will partner with local organizations to support environmental projects, such as beach cleanups and urban greening initiatives, fostering goodwill and environmental awareness in the communities we serve.

#### A Commitment to Sri Lanka's Future

At Singer Finance, our future focus on natural capital is a testament to our commitment to sustainable growth, inspired by the sandalwood tree's resilience and enduring value. Through practical initiatives—solar energy expansion, tree planting, digital documentation, and community engagement—we aim to nurture a greener, more prosperous Sri Lanka. Like sandalwood, which grows slowly but leaves a lasting legacy, our efforts will cultivate environmental stewardship and resilience for generations to come.





# FOCUS ON SUSTAINABLE DEVELOPMENT/ ROBUST GOVERNANCE AND RISK MANAGEMENT

**Rooted in Integrity. Refined by Time.**

**Trusted by Generations.**

Just as sandalwood matures over time to reveal its rare, enduring essence, our Corporate Governance framework has been shaped by decades of experience, ethical grounding, and an unwavering commitment to transparency. At Singer Finance, governance is not just a function it is the very core that defines our character, sustains stakeholder trust, and ensures our promise of value endures through generations.

## ESG RISKS AND OPPORTUNITIES

In today's landscape, where sustainability, ethical responsibility, and transparency are paramount, Singer Finance (Lanka) PLC approaches Environmental, Social, and Governance (ESG) risk management as a critical component of its long-term success. As a leading financial institution in Sri Lanka, we recognise the significant influence ESG factors have on operational efficiency, profitability, stakeholder confidence, and corporate resilience. Our ESG framework transcends beyond compliance, and is fully integrated into our corporate strategy, thereby shaping decision-making, guiding business processes, and reinforcing our commitment to responsible and forward-thinking growth.



### ESG Risk Management – A Lasting Commitment to Responsible Growth

At Singer Finance, ESG risk management is woven into the fabric of how we operate and grow. Inspired by the enduring qualities of the sandalwood tree—resilience, sustainability, and the ability to generate lasting value—our approach strengthens over time, even in complex and evolving environments. The story of the sandalwood reflects our belief in creating long-term impact through responsible business practices that stand the test of time.

### Adopting Global Standards for Local Impact

We have voluntarily adopted the SLFRS S1 and S2 Sustainability Disclosure Standards, ensuring that our ESG disclosures are transparent, consistent, and aligned with international best practices. Our sustainability strategy is anchored in the following principles:



#### TRANSPARENCY:

We provide clear and accurate information on our ESG performance, risks, and opportunities.



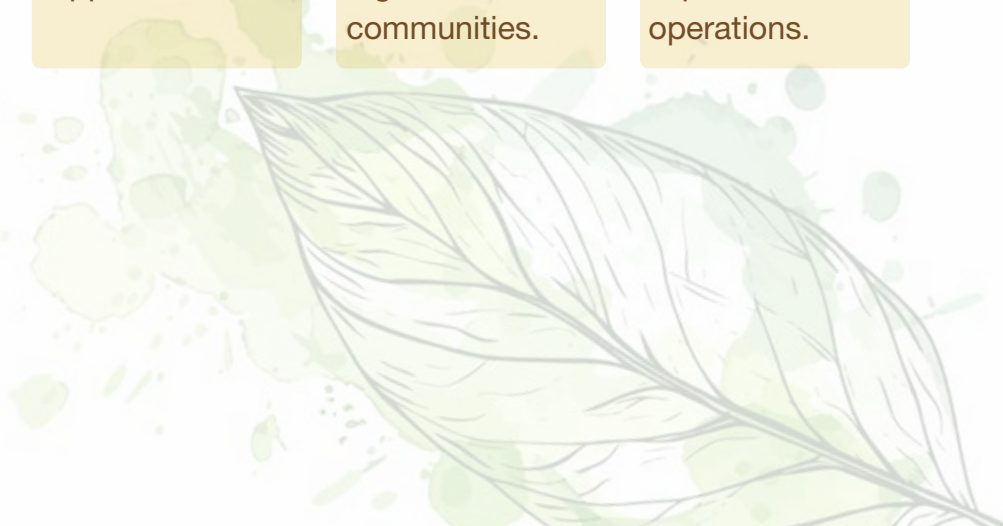
#### ACCOUNTABILITY:

We are accountable to our stakeholders, including customers, employees, investors, regulators, and communities.



#### SUSTAINABILITY:

We prioritise environmental stewardship, social responsibility, and ethical governance in all aspects of our operations.



## ESG RISKS AND OPPORTUNITIES

GRI 3-3

### Our ESG Risk Management Framework

At Singer Finance, our ESG risk management framework is designed to provide a comprehensive, systematic, and proactive approach to identifying, assessing, and mitigating ESG risks. Our framework is built on the following key pillars:

#### 1. Identification and Assessment of ESG Risks

Conducting regular ESG risk assessments at the enterprise level, covering environmental, social, and governance factors.

Leveraging data analytics and artificial intelligence to monitor ESG risk indicators in real time.

Engaging with stakeholders, including customers, employees, regulators, and investors, to identify material ESG risks.



#### 2. Integration of ESG Risks into Business Processes

Embedding ESG considerations into our credit risk assessment process, ensuring that we evaluate the environmental and social impact of financed projects.

Integrating ESG criteria into our investment decision-making, with a focus on sustainable and responsible investments.

Adopting a “Green Branch” model, where our branches are designed to minimize energy consumption, reduce paper usage, and promote sustainable practices.



#### 3. Mitigation of ESG Risks

Implementing robust cybersecurity measures to protect customer data and prevent data breaches.

Enhancing employee health and safety programs, including mental health support and workplace wellness initiatives.

Promoting financial literacy and responsible borrowing among customers, reducing the risk of over-indebtedness.



#### 4. Monitoring and Reporting of ESG Performance

Aligning our ESG disclosures with the SLFRS S1 and S2 Sustainability Disclosure Standards.

Conducting regular ESG performance reviews and reporting the outcomes to senior management and the Board of Directors.

Engaging independent external auditors to verify the accuracy and reliability of our ESG disclosures.

## Understanding ESG Risks – A Multi-Dimensional Perspective

The financial services industry is uniquely exposed to a wide range of ESG risks, which pose real-world implications that hold the potential to impact our business operations, customer relationships, profitability, and brand reputation. Our ESG risk management approach is designed to identify, assess, and mitigate these risks in a proactive manner.

### Environmental Risks



#### Climate Change and Extreme Weather Events:

As Sri Lanka experiences more frequent and severe weather events, such as floods, droughts, and storms, our customers in agriculture, fisheries, and other climate-sensitive sectors face increased vulnerability. These risks can lead to higher loan defaults, impaired asset values, and disruption of branch operations.

#### Natural Disasters:

Floods, landslides, and other natural disasters pose a direct threat to our branch infrastructure, customer businesses, and the livelihoods of our clients. This can result in increased credit risk, higher insurance costs, and operational disruptions.

#### Environmental Regulations and Compliance:

As the government of Sri Lanka continues to strengthen environmental regulations, we must ensure that our operations, products, and services comply with these requirements. Non-compliance can result in legal penalties, reputational damage, and loss of customer trust.

### Social Risks



#### Customer Data Privacy and Cybersecurity:

In an increasingly digital world, protecting customer data is a critical priority. Cybersecurity breaches or data leaks can result in financial losses, regulatory penalties, and damage to our brand reputation.

#### Employee Health, Safety, and Well-being:

The well-being of our employees is essential to our success. Poor working conditions, inadequate health and safety measures, or a lack of employee engagement can lead to reduced productivity, higher turnover, and reputational risks.

#### Financial Inclusion and Responsible Lending:

As a responsible financial institution, we are committed to promoting financial inclusion and ensuring that our products are accessible to a wide range of customers, including underserved segments. However, irresponsible lending practices can lead to customer over-indebtedness, loan defaults, and reputational damage.

#### Human Rights and Community Relations:

Our operations must respect human rights and contribute positively to the communities we serve. Failure to do so can result in negative social impacts and damage to our brand image.

### Governance Risks



#### Regulatory Compliance and Corporate Governance:

As a regulated financial institution, we are subject to a wide range of laws and regulations, including those related to anti-money laundering (AML), data protection, customer due diligence, and corporate governance. Non-compliance can lead to legal penalties, regulatory sanctions, and reputational damage.

#### Board Oversight and Ethical Conduct:

Strong corporate governance is critical to maintaining stakeholder trust. This includes ensuring that our Board of Directors provides effective oversight, our senior management upholds ethical business practices, and our employees are trained to act with integrity.

#### Ethical Business Practices and Anti-Corruption:

As a trusted financial services provider, we are committed to maintaining the highest standards of ethical conduct. This includes preventing fraud, corruption, bribery, and conflicts of interest.

## ESG RISKS AND OPPORTUNITIES

### Mapping our Risks

GRI 201-2

As we continue our journey towards sustainable growth, we have identified a range of sustainability-related risks and opportunities (SRROs) and climate-related risks and opportunities (CRROs) and that could potentially impact our financial performance, customer relationships, and market position. In alignment with the IFRS S2 Sustainability Disclosure Standard, we have assessed the financial implications of climate-related risks on our business. These risks and their impact is

Risk / Opportunity		Description	Operational Implications	Financial Implications	Degree of Impact	Our Response
Climate-Related Risks and Opportunities	Physical Risks:	Increased frequency of extreme weather events and natural disasters	◆ Potential to disrupt customer operations and increase credit risk	◆ Potential increase in credit losses due to customer defaults in climate-sensitive sectors	High	<ul style="list-style-type: none"> <li>◆ Strengthened credit underwriting for climate-sensitive sectors</li> <li>◆ Incorporated climate risk into stress testing models</li> <li>◆ Promoted insurance-linked financing options to reduce exposure</li> </ul>
	Transition Risks:	Regulatory changes promoting low-carbon technologies	◆ May impact customer preferences and loan demand	◆ Changes in customer demand and regulatory compliance costs due to climate-related policies	Medium	<ul style="list-style-type: none"> <li>◆ Developed green lending frameworks aligned with CBSL guidelines</li> <li>◆ Initiated internal training on ESG regulatory compliance.</li> </ul>
	Opportunity:	Growth in demand for sustainable financing products	◆ A need to develop new products such as green loans, solar loans, and hybrid vehicle leasing	◆ Growth in revenue from sustainable financing products and improved brand reputation	High	<ul style="list-style-type: none"> <li>◆ Introduced Solar Loans and hybrid/electric vehicle leasing</li> <li>◆ Conducted awareness campaigns to drive uptake</li> <li>◆ Partnered with vendors to offer bundled sustainable financing packages</li> </ul>

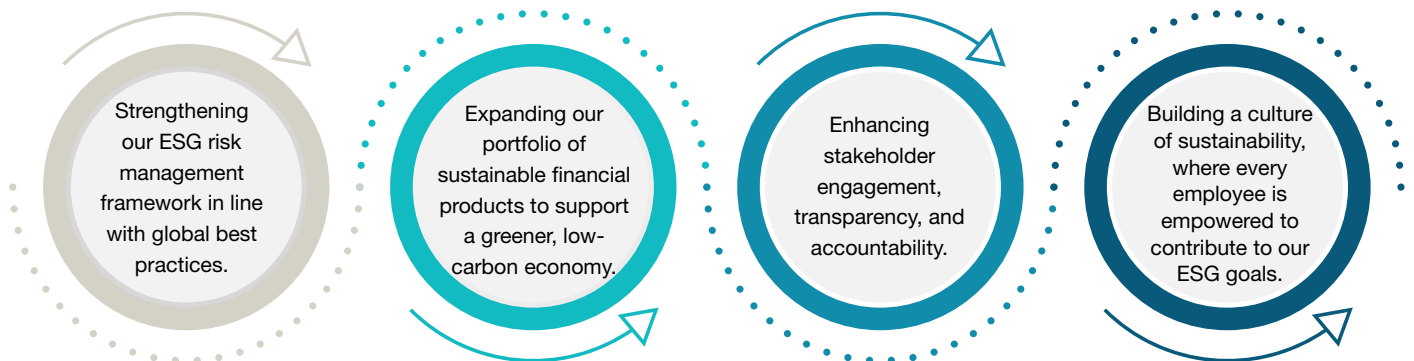
Risk / Opportunity		Description	Operational Implications	Financial Implications	Degree of Impact	Our Response
Social Risks and Opportunities	Customer Welfare	Expanding access to financial products for underserved segments, promoting financial inclusion	<ul style="list-style-type: none"> <li>◆ Development and deployment of inclusive financial products and services (e.g., microloans, digital wallets).</li> <li>◆ Increased need for customer support infrastructure to assist underserved populations.</li> <li>◆ Staff training in customer empathy, digital literacy, and fraud protection for vulnerable users.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Short-term costs to develop new products and systems.</li> <li>◆ Long-term revenue growth from access to new customer segments and increased customer retention.</li> <li>◆ Potential reduction in credit risk through improved financial literacy</li> </ul>	High	<ul style="list-style-type: none"> <li>◆ Rolled out financial literacy campaigns and digital onboarding</li> <li>◆ Further Propagating Gold Loans, microfinance, and short-term personal loans</li> <li>◆ Improved grievance handling and digital accessibility</li> </ul>
	Employee Well-being	Enhancing employee health, safety, and well-being, promoting a positive workplace culture	<ul style="list-style-type: none"> <li>◆ Embedding a culture of transformation and learning</li> <li>◆ Implementing engagement and development programmes</li> <li>◆ Investing in wellness programmes and health and safety</li> </ul>	<ul style="list-style-type: none"> <li>◆ Investment in health and safety infrastructure and wellness programs.</li> <li>◆ Reduction in absenteeism, turnover, and associated recruitment/ training costs.</li> <li>◆ Potential productivity gains from improved morale and engagement.</li> </ul>	Medium	<ul style="list-style-type: none"> <li>◆ Conducted mental wellness webinars and health checkups</li> <li>◆ Held “Coffee with CEO” and staff recognition programmes</li> <li>◆ Launched LMS for learning and provided financial support schemes</li> </ul>
	Community Engagement	Supporting community development projects and promoting financial literacy	<ul style="list-style-type: none"> <li>◆ Allocation of staff and resources for CSR initiatives and partnerships with NGOs or local institutions</li> <li>◆ Need for structured programs to track and measure social impact</li> </ul>	<ul style="list-style-type: none"> <li>◆ Budget allocation for community development and financial literacy programmes</li> <li>◆ Indirect return through enhanced brand equity, community goodwill, and license to operate</li> <li>◆ Potential for new business opportunities in engaged communities</li> </ul>	Medium	<ul style="list-style-type: none"> <li>◆ Conducted “Ocean Heals” cleanups, Tree-for-Every-Tuk project</li> <li>◆ Ran financial literacy programs in rural areas</li> <li>◆ Partnered with schools and institutions for community upliftment</li> </ul>

## ESG RISKS AND OPPORTUNITIES

Risk / Opportunity	Description	Operational Implications	Financial Implications	Degree of Impact	Our Response
<b>Governance Risks and Opportunities</b>	Ethical Conduct	<ul style="list-style-type: none"> <li>◆ Implementation of stronger internal controls, whistleblowing mechanisms, and ethics training</li> <li>◆ Enhanced audit and compliance procedures</li> </ul>	<ul style="list-style-type: none"> <li>◆ Reduced risk of legal penalties, regulatory fines, and reputational damage</li> <li>◆ Long-term value creation through improved investor confidence and risk mitigation</li> </ul>	High	<ul style="list-style-type: none"> <li>◆ Maintained a robust governance framework</li> <li>◆ Conducted ethics and compliance training</li> <li>◆ Periodically reviewed policies including AML/CFT, Whistleblower, and ESG</li> </ul>
	Stakeholder Trust	<ul style="list-style-type: none"> <li>◆ More robust ESG reporting frameworks and stakeholder engagement strategies</li> <li>◆ Improved internal data collection and analysis systems for transparent disclosures</li> </ul>	<ul style="list-style-type: none"> <li>◆ Compliance costs associated with ESG reporting standards</li> <li>◆ Potential access to ESG-focused investors and capital at lower costs</li> <li>◆ Increased customer and investor loyalty, translating into long-term financial resilience</li> </ul>	Medium	<ul style="list-style-type: none"> <li>◆ Aligned disclosures to GRI and CBSL sustainability taxonomy</li> <li>◆ Released ESG Policy</li> </ul>

### Our Path Forward – A Sustainable Future

As we continue our journey towards sustainable growth, our focus remains on:



Singer Finance (Lanka) PLC is committed to creating long-term value for our stakeholders while contributing to a more sustainable, inclusive, and resilient Sri Lanka.

# EMBRACING SUSTAINABILITY

GRI 2-9, GRI 2-12, GRI 2-13, GRI 2-23, GRI 2-24

## A Journey of Purpose, Responsibility, and Resilience

At Singer Finance (Lanka) PLC, sustainability is not just a commitment; it is a journey of purpose, responsibility, and resilience. Just as the sandalwood tree grows, nurtures, and spreads its fragrance for generations, our sustainability initiatives are designed to leave a lasting positive impact on the environment, society, and our stakeholders.

Over the years, we have consistently integrated sustainability into the core of our business, going beyond regulatory compliance to foster a culture of environmental stewardship, social responsibility, and governance excellence. This chapter outlines our sustainability journey during FY 2024/25, highlighting our progress, initiatives, and the value we have created for our stakeholders.

### A Strategic Approach to Sustainability

#### Sustainability Governance:

##### A Strong Foundation

Our sustainability journey is guided by a robust governance structure that ensures alignment with global best practices, transparency, and accountability. We recognize that effective sustainability governance is essential to drive meaningful impact.

- ◆ **Group ESG Committee:** Provides strategic direction, setting sustainability goals and monitoring progress across the Group.
- ◆ **Singer ESG Steering Committee:** Develops and reviews sustainability policies, ensuring alignment with the Group's ESG strategy.
- ◆ **Singer ESG Working Committee:** Manages day-to-day sustainability initiatives, driving practical implementation and employee engagement.

- ◆ **Board Oversight:** Our Board of Directors provides strategic oversight, ensuring that sustainability is a core element of our business strategy.

### ESG Policy Framework

Our sustainability strategy is guided by the Hayleys Lifecode and the Sustainable Finance Roadmap of the Central Bank of Sri Lanka, ensuring alignment with national and global sustainability standards. In line with our commitment to transparency and accountability, the Company's ESG Policy was formally formulated, drafted, and approved by the Board of Directors. This policy is now publicly listed in the Corporate Policies of the Colombo Stock Exchange (CSE).

Our sustainability policy framework is built on four key pillars:

- ◆ **Environmental Responsibility:** Minimizing our ecological footprint, promoting green financing, conserving natural resources, and reducing carbon emissions.
- ◆ **Social Responsibility:** Empowering communities, promoting financial inclusion, enhancing employee well-being, and fostering a culture of diversity and inclusion.
- ◆ **Governance Excellence:** Maintaining transparency, ethical conduct, regulatory compliance, and upholding the highest standards of corporate governance.

- ◆ **Strategic ESG Integration:** Embedding sustainability into our business strategy, product development, risk management, and decision-making processes. This ensures that ESG considerations are at the core of our value creation for all stakeholders.

### Aligning with the United Nations Sustainable Development Goals (SDGs)

Our sustainability initiatives are strategically aligned with the United Nations Sustainable Development Goals (SDGs), ensuring that our actions contribute to global sustainability efforts:



- ◆ Promoted solar financing solutions, enabling customers to adopt renewable energy.



- ◆ Planted trees under the "Tree for Every Tuk Tuk" initiative, enhancing carbon sequestration.



- ◆ Conducted coastal cleanups and mangrove restoration under the "Ocean Heals" initiative.

## EMBRACING SUSTAINABILITY



- ◆ Distributed saplings through the “Growing Dreams” initiative, fostering environmental awareness.



- ◆ Enhanced environmental literacy through plant distribution in schools.



- ◆ Promoted sustainable transportation through electric and hybrid vehicle financing.

### Sustainability Initiatives

#### Creating Lasting Impact

##### 1. Tree for Every Tuk Tuk & Green Wheels Initiative

In our pursuit of a greener future, we expanded our flagship initiative – “Tree for Every Tuk Tuk,” planting a tree for each three-wheeler leased. This program has not only contributed to reforestation but has also raised environmental awareness among our customers.

- ◆ **Total Trees Planted: 4,500**
- ◆ **Impact:** Enhanced carbon sequestration, improved air quality, and promoted environmental stewardship among customers.
- ◆ **SDGs Aligned:**



Additionally, the Green Wheels Initiative expanded the impact by distributing saplings to schools, encouraging students to become young environmental champions.

- ◆ **Impact on Education:** Created awareness of environmental responsibility among school children.
- ◆ **SDGs Aligned:**



##### 2. Growing Dreams Initiative

The “Growing Dreams” initiative was a heartfelt gesture aimed at promoting green living and environmental consciousness among our customers. On January 1st, we provided a sapling to every customer visiting our branches, symbolizing new beginnings and sustainable growth.

- ◆ **Total Saplings Distributed: 550**
- ◆ **Impact:** Fostered environmental mindfulness among customers and communities.
- ◆ **SDGs Aligned:**



This initiative nurtured a sense of environmental stewardship, creating a ripple effect as customers took responsibility for nurturing the plants they received.

##### 3. Ocean Heals Initiative – A Commitment to Coastal Conservation

Our commitment to sustainability goes beyond terrestrial ecosystems. Through the “Ocean Heals” initiative, we made significant strides in marine conservation, directly supporting biodiversity and ecosystem restoration.

##### Phase 01: Coastal Cleanup at Mount Lavinia

Collaborating with the Zero Plastic Team, we organized a coastal cleanup campaign at Mount Lavinia Beach, removing plastic waste and other pollutants from the shoreline.

- ◆ **Impact:** Reduced marine pollution, enhanced beach cleanliness, and raised awareness of marine conservation.
- ◆ **SDGs Aligned:**



##### Phase 02: Mangrove Restoration at Madu River

In the second phase of Ocean Heals, we conducted a mangrove restoration project at Madu River, planting 200 mangrove saplings. Mangroves play a critical role in coastal protection, carbon sequestration, and biodiversity conservation.

- ◆ **Total Mangroves Planted: 200**
- ◆ **Impact:** Enhanced coastal resilience, protected marine biodiversity, and promoted ecosystem restoration.
- ◆ **SDGs Aligned:**



##### Token of Appreciation: Ocean Heals Phase 02

As a symbolic gesture of our commitment to sustainability, we presented 35 plants as tokens of appreciation, promoting environmental mindfulness among stakeholders.

- ◆ **Impact:** Strengthened environmental awareness and reinforced our sustainability message.
- ◆ **SDGs Aligned:**



### Embedding Sustainability in Our Culture

#### Employee Engagement: Building Sustainability Champions

We recognize that true sustainability begins with our employees. Our sustainability journey is not just about projects but about creating a culture of responsibility and stewardship.

- ◆ **Sustainability Training:** Conducted Manager training sessions on ESG principles, waste management, energy conservation, and environmental awareness.
- ◆ **Digital Academy:** Our Singer Finance Digital Academy provided employees with access to sustainability courses, empowering them with knowledge and skills.

#### Customer Engagement: Spreading the Message of Sustainability

Our customers are integral to our sustainability journey. We have consistently engaged them in our initiatives, encouraging them to adopt environmentally responsible practices.

- ◆ **Digital Awareness:** Leveraged digital channels to promote sustainability

messages, enhancing customer understanding of green financing options.

- ◆ Sustainable Financing: Promoted solar and hybrid vehicle financing, enabling customers to embrace renewable energy and eco-friendly transportation.

### Community Engagement: Extending Our Impact

Our sustainability journey extends beyond our immediate operations. Through community-focused initiatives, we have fostered environmental stewardship across Sri Lanka.

- ◆ School Engagements: Distributed saplings to schools, educating students about the importance of tree planting and environmental conservation.
- ◆ Public Awareness Campaigns: Conducted educational sessions on marine conservation, promoting responsible plastic disposal.

### Future Focus

#### Strengthening Our Sustainability Journey



Looking ahead, we are committed to further strengthening our sustainability journey:

- ◆ Carbon Neutrality Commitment: Set a target to achieve carbon targets by 2030, reducing our carbon emissions through renewable energy, energy efficiency, and carbon offset projects.
- ◆ Expansion of Solar Financing: Enhance our Solar Financing portfolio, making renewable energy accessible to a broader customer base.
- ◆ Green Branches Expansion: Increase the number of branches powered by renewable energy, promoting energy efficiency and reducing our carbon footprint.
- ◆ Biodiversity Conservation: Expand tree planting initiatives to include a wider variety of native species, enhancing ecosystem resilience.
- ◆ Employee Sustainability Champions: Launch a formal program to recognize employees who drive sustainability within their roles.
- ◆ Enhanced ESG Reporting: Strengthen transparency through comprehensive sustainability disclosures, aligned with global standards such as GRI and TCFD.

At Singer Finance, our sustainability journey is a testament to our commitment to creating a greener, more prosperous future. Together with our stakeholders, we continue to plant the seeds of positive change, nurturing a sustainable tomorrow.



# CORPORATE GOVERNANCE



## Upholding Integrity, Driving Sustainable Growth

It is my privilege to present the Corporate Governance Statement of Singer Finance (Lanka) PLC for the financial year ended 31st March 2025—a year that underscored the critical importance of responsible leadership, ethical stewardship, and value-driven decision-making.

At Singer Finance, corporate governance is not merely a compliance requirement—it is the foundation upon which we build trust, foster resilience, and drive long-term stakeholder prosperity. Anchored in the principles of fairness, accountability, transparency, and integrity, our governance framework is designed to uphold the highest standards of ethical conduct while ensuring operational excellence across all business functions.

Amidst an evolving macroeconomic and regulatory landscape, the Board remained actively engaged in overseeing strategic pivots, ensuring that the Company remained agile and responsive to external dynamics. This included rigorous reviews of the policy landscape, enhancement of our Environmental and Social Risk

## Chairman's Statement on Corporate Governance

Management (ESRM) framework, and continued reinforcement of our ESG commitments across the organization.

Recognizing the growing importance of sustainability, the Board has steered Singer Finance to embed ESG considerations deeply within our corporate strategy. We strengthened our oversight of ESG initiatives through structured governance mechanisms, including the active involvement of the Group ESG Committee, the Singer ESG Steering and Working Committee, and the ESG Committee at Company level. These cross-functional platforms have ensured alignment with national and global benchmarks, including the Sustainable Finance Roadmap issued by the Central Bank of Sri Lanka.

We take great pride in affirming that the Company maintained compliance with the Finance Companies (Corporate Governance) Direction No. 5 of 2021, and continued adherence to Direction No. 3 of 2008 during the transitional period. Additionally, the Board proactively reviewed the Revised Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) in December 2023, and has adopted an action plan to ensure seamless alignment in the periods ahead.

We also ensured compliance with the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange, and all other applicable statutory and regulatory provisions. As always, we maintained a zero-tolerance stance towards non-compliance, bribery, corruption, and unethical business practices. I am pleased to report that there were no breaches of the Company's Code of Business Conduct and Ethics during the year under review.

## Way Forward

Looking ahead, we remain steadfast in our commitment to strengthening governance mechanisms as we pursue inclusive and sustainable growth. The Board is committed to integrating ESG factors into our governance practices, capital allocation, and risk oversight processes. We believe that by aligning with globally accepted standards and embracing transparency, we will continue to enhance stakeholder confidence and reinforce our reputation as a responsible and forward-thinking financial institution.

In this journey, we will continue to evaluate our governance practices, benchmark against international best practices, and enhance Board and management capacity to ensure Singer Finance remains future-ready.

On behalf of the Board of Directors, I reaffirm our pledge to uphold the values that define us—values that guide our every decision, safeguard stakeholder interests, and shape a resilient and sustainable tomorrow.

## Aravinda Perera

Chairman  
Singer Finance (Lanka) PLC

6th May 2025

## Purpose and Philosophy

At Singer Finance (Lanka) PLC, Corporate Governance is the cornerstone of our commitment to ethical leadership, operational integrity, and sustainable value creation. As a leading financial services provider, we recognize that robust governance is essential to fostering trust among our stakeholders, including shareholders, customers, employees, regulators, and the wider community. Our governance philosophy is rooted in the principles of stewardship, transparency, accountability, and fairness, ensuring that every decision aligns with our mission to empower financial inclusion while delivering long-term value. By embedding these principles into our operations, we aim to uphold the highest standards of corporate conduct, particularly in a sector where trust and reliability are paramount.

### Value Creation Model

Our governance framework is designed to support a value creation model that balances financial performance with social and environmental responsibility. This model enables us to navigate the complexities of the financial services landscape, including macroeconomic volatility, regulatory changes, and evolving stakeholder expectations. Through strategic oversight, rigorous risk management, and the integration of Environmental, Social, and Governance (ESG) considerations, we drive sustainable growth that benefits all stakeholders. Our Board of Directors plays a pivotal role in ensuring that our governance practices facilitate transformational change, enabling us to move beyond incremental gains to achieve enduring impact in the communities we serve.

### Approach to Governance

Singer Finance adopts an enterprise-wide governance approach that integrates regulatory compliance, voluntary best practices, and internal controls to deliver on our organizational purpose. This holistic framework ensures that governance is not merely a compliance exercise but a strategic

enabler that drives accountability and ethical decision-making across all levels of the organization. Guided by the CBSL's Finance Business Act Direction No. 5 of 2021 on Corporate Governance, our Board and management work collaboratively to maintain a governance structure that is agile, transparent, and responsive to the dynamic needs of the financial services sector. This approach positions us to meet regulatory requirements while exceeding stakeholder expectations through proactive leadership and innovation.

### Governance Framework Regulatory Compliance

As a licensed Finance Company under the supervision of the Central Bank of Sri Lanka, Singer Finance adheres to a comprehensive set of regulatory requirements that govern our operations. Key regulations include the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011, the Finance Business Act Direction No. 05 of 2021 on Corporate Governance (fully implemented by July 2024), and the Listing Rules of the Colombo Stock Exchange (CSE). We also comply with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995,

the Finance Companies (Corporate Governance) Direction No. 3 of 2008 (during the transitional period), and directives issued by the Securities and Exchange Commission of Sri Lanka. These regulations form the bedrock of our governance framework, ensuring that our operations are conducted with integrity and in alignment with legal and regulatory expectations.

### Voluntary Standards

In addition to mandatory regulations, Singer Finance has voluntarily adopted several codes and frameworks to elevate our governance standards. These include the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), which provides a roadmap for ethical and effective leadership. We also align with the Global Reporting Initiative (GRI) Standards, the Integrated Reporting Framework by the International Integrated Reporting Council (IIRC), and the Task Force on Climate-related Financial Disclosures (TCFD) to address ESG and climate-related risks. Our commitment to the United Nations Sustainable Development Goals (SDGs) further underscores our dedication to global best practices in sustainability and corporate responsibility.

## CORPORATE GOVERNANCE

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 Business Act No. 42 of 2011 and directions issued by Central Bank of Sri Lanka.	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		

### Internal Mechanisms

Our internal governance mechanisms are designed to reinforce our commitment to ethical conduct and operational excellence. The Articles of Association outline the foundational rules governing our operations, while Board-approved Terms of Reference (TOR) for sub-committees define their roles and responsibilities. We maintain a robust policy framework covering governance, risk, compliance, and operational areas, including a Code of Conduct for Directors, Key Management Personnel (KMP), and employees. Our Whistleblower Policy and Related Party Transactions Policy ensure transparency and accountability, while our ESG guidelines, inspired by the Hayleys Lifecode, drive sustainable practices across the organization. These mechanisms are regularly reviewed to ensure relevance in a rapidly evolving regulatory and business environment.

### Recent Developments

In the 2024/25 financial year, Singer Finance made significant strides in strengthening our governance framework. We achieved full compliance with the CBSL's Finance

Business Act Direction No. 5 of 2021 ahead of the July 2024 deadline, demonstrating our proactive approach to regulatory adherence. We also updated our policy framework to align with the revised CSE Listing Rules and the 2023 CA Sri Lanka Code of Best Practice, ensuring that our governance practices remain at the forefront of industry standards. Additionally, we enhanced our ESG reporting by voluntarily adhering to the SLFRS S1 and S2 Sustainability Reporting Standards, providing stakeholders with greater transparency on our sustainability performance. To bolster cybersecurity, we implemented advanced technologies, including a dedicated Security Operations Centre (SOC), reflecting our commitment to safeguarding data and systems.

### Board Composition and Leadership

GRI 2-9, GRI 2-10, GRI 2-17, GRI 2-18

#### Board Structure

The Board of Singer Finance comprises eight directors, reflecting a balanced mix of expertise and independence. This includes one Executive Director (the CEO), three Non-Executive Directors

(NEDs), and four Independent Non-Executive Directors (INEDs). As of March 31, 2025, 50% of the Board consists of INEDs, ensuring objective oversight and robust decision-making. The Board's composition complies with the CBSL Direction No. 5 of 2021, which mandates a minimum number of independent directors to promote impartiality. The Chairman, a Non-Executive Director, provides strategic leadership, while the Senior Independent Non-Executive Director facilitates engagement with shareholders and ensures Board balance.

### Skills and Diversity

Our Board is characterized by a diverse range of skills, including finance, banking, legal, risk management, and corporate leadership, enabling comprehensive oversight of our operations. Directors bring extensive industry experience, with tenures ranging from recent appointees to long-serving members, ensuring a blend of fresh perspectives and institutional knowledge. While gender diversity remains a focus area, we are pleased to note that female representation has increased from one to two directors, aligning with best practices. Age diversity, with directors spanning various age groups, enhances

our ability to combine seasoned expertise with innovative thinking, aligning with the dynamic needs of the financial services sector.

### Appointments

The appointment of directors follows a formal and transparent process led by the Nominations and Governance Committee, which assesses candidates based on strategic needs, regulatory requirements, and diversity considerations. Fit and proper assessments, as stipulated by the CBSL and CSE Listing Rules, evaluate candidates' honesty, integrity, competence, and financial soundness. In 2024/25, Mr. Dhammika Siriwardene effective from 22nd April 2024 and Ms. Hiranthi De Silva effective from 10th July 2024 were appointed as INEDs, bringing additional expertise in financial governance. All appointments are recommended to shareholders

for approval at the Annual General Meeting (AGM), ensuring alignment with stakeholder expectations.

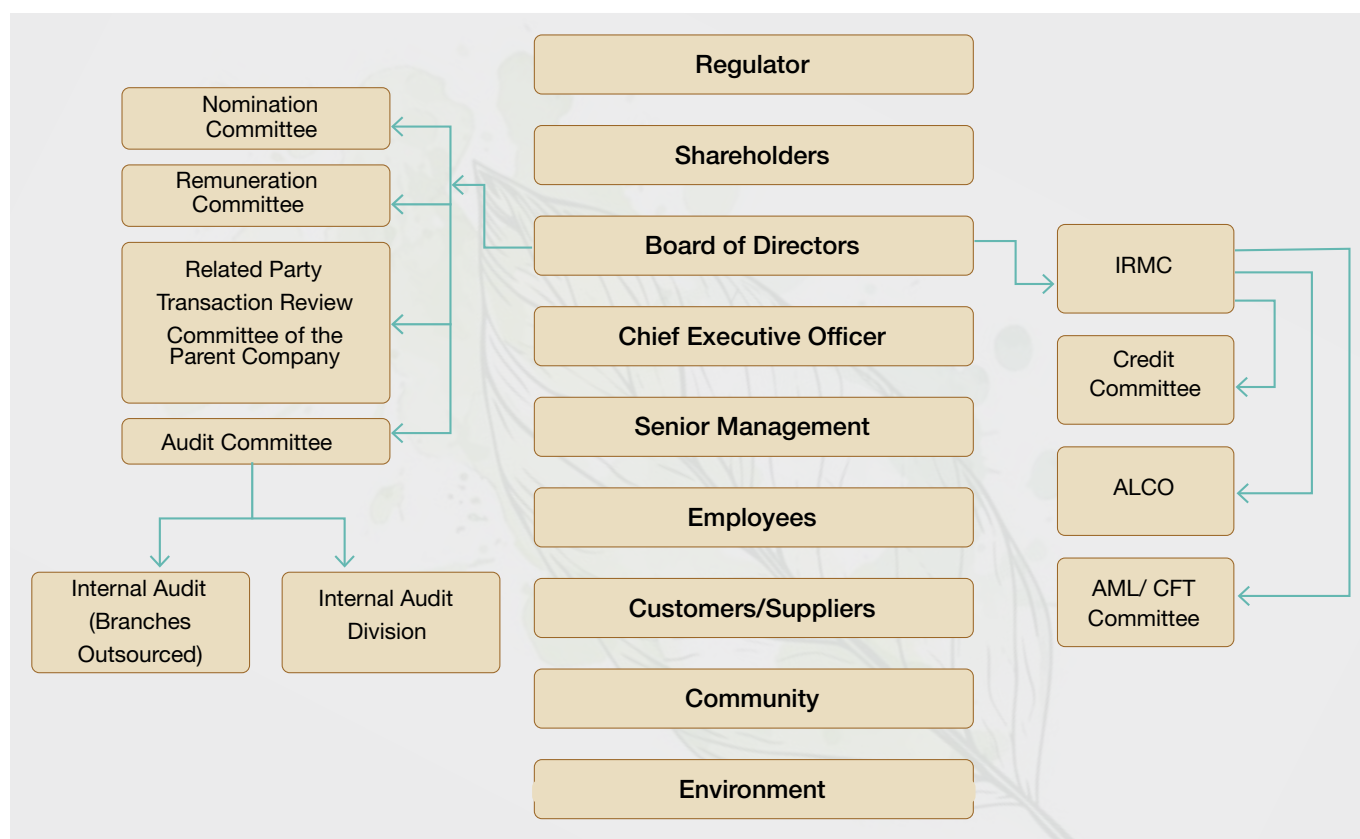
### Board Induction and Training

New directors undergo a comprehensive induction program, including detailed appointment letters outlining disclosure obligations, regulatory requirements, and company policies. Ongoing training ensures that directors remain abreast of regulatory, industry, and technological developments. In 2024/25, the Board participated in training sessions on the revised CSE Listing Rules, AML/CFT compliance, cybersecurity governance, and ESG reporting standards. These sessions, facilitated by external experts and the Sri Lanka Institute of Directors, equipped directors to address emerging challenges effectively. Directors also meet Continuing Professional Development requirements through their respective professional organizations.

### Board Appraisal

The Board conducts annual self-appraisals to evaluate its performance, composition, and alignment with strategic objectives. Sub-committees undergo similar evaluations, with results reviewed by the Chairman and discussed at Board meetings. In 2024/25, we enhanced our appraisal mechanisms to align with the 2023 CA Sri Lanka Code, incorporating metrics on governance effectiveness, ESG integration, and stakeholder engagement. The CEO's performance is assessed against the corporate plan, focusing on financial and operational achievements. These appraisals ensure that the Board remains agile and responsive to the company's strategic needs.

## Governance Structures and Delegation



## CORPORATE GOVERNANCE

### BOARD AUDIT COMMITTEE

#### Composition

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

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


#### 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 AND GOVERNANCE 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

NED	INED	SINED
		

#### 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 Sub-Committees

To ensure focused oversight, the Board delegates specific responsibilities to sub-committees, each governed by Board-approved TORs and compliant with CBSL Direction No. 5 of 2021:

- ◆ **Board Audit Committee:** Comprising of three INEDs, the committee ensures the integrity of financial statements, reviews internal controls, and oversees internal and external audits. In 2024/25, it strengthened ESG data assurance processes and reviewed cybersecurity controls, enhancing reporting reliability.
- ◆ **Nominations & Governance Committee:** Comprised of one NED and two INEDs, it oversees director appointments, succession planning, and governance policies.
- ◆ **Human Resources and Remuneration Committee:** Comprising of two NEDs and three INEDs, it sets remuneration policies for the CEO, KMP, and senior management, ensuring alignment with market practices and performance targets.
- ◆ **Related Party Transactions Review Committee:** Comprising of three INEDs, it monitors and approves related party transactions, ensuring compliance with CSE rules and transparency in disclosures.
- ◆ **Integrated Risk Management Committee (IRMC):** Comprising of three INEDs, it develops and monitors the risk management framework, with a focus on credit, operational, ESG, and cybersecurity risks.
- ◆ **Credit Committee:** Comprising of one NED and two INEDs, it oversees credit exposures, ensures adequate provisions for credit losses, and reviews credit policies.
- ◆ **Asset and Liability Committee (ALCO):** Manages liquidity and interest rate risks, ensuring financial stability.
- ◆ **AML/CFT Committee:** Ensures compliance with anti-money laundering and counter-terrorism financing regulations, with enhanced monitoring in 2024/25.

## Delegation Mechanisms

Clear lines of delegation, supported by TORs and policy frameworks, ensure effective decision-making and accountability. The Board sets strategic direction, while the CEO and senior management execute operational plans. Sub-committees provide specialized oversight, with regular reporting to the Board. In 2024/25, we streamlined delegation processes to enhance responsiveness to regulatory and market changes, ensuring compliance with CBSL requirements.

## Ethical Leadership and Culture

GRI 2-23, GRI 2-24, GRI 2-26,  
GRI 205-2, GRI 3-3

## Bribery and Anti-Corruption Policy

Singer Finance maintains a zero-tolerance policy for bribery and corruption, fully aligned with the Anti-Corruption Act No. 9 of 2023 and CBSL guidelines. The policy prohibits political contributions, regulates gifts and hospitality, and mandates anti-bribery clauses in contracts with partners. In 2024/25, we enhanced due diligence processes for third-party engagements and conducted anti-corruption training for all employees, ensuring awareness of reporting mechanisms and compliance obligations.

## Whistleblower Policy

Our Whistleblower Policy provides a secure and confidential channel for employees to report misconduct, including fraud, unethical behavior, or breaches of the Code of Conduct. Whistleblowers are protected from retaliation, and feedback is provided on actions taken. In 2024/25, we strengthened communication of the policy through employee awareness campaigns, with no material violations reported. Concerns are escalated to the Board Audit Committee for independent review and resolution.

## Corporate Values

Our core values fairness, accountability, integrity, and transparency drive a culture of ethical leadership and responsible corporate citizenship. These values guide our decision-making, ensuring that we prioritize stakeholder trust and societal impact. In 2024/25, we integrated these

values into performance evaluations, fostering a values-driven culture across the organization.

## Risk Management

### Enterprise Risk Management Framework

Our risk management framework, built on the three lines of defense model, ensures comprehensive identification, assessment, and mitigation of risks. The first line involves management controls, the second includes compliance and security functions, and the third comprises internal audits. The IRMC and Board Audit Committee oversee implementation, with policies defining risk appetites, limits, and escalation protocols. In 2024/25, we enhanced risk monitoring tools to improve real-time reporting, aligning with CBSL requirements.

### Sustainability related Risks

We integrate ESG risk assessments into our risk management processes, with a focus on climate-related risks and opportunities per TCFD guidelines. In 2024/25, we conducted ESG risk analyses, identifying potential environmental and social impacts. Mitigation measures, such as green financing criteria, were implemented to align with sustainability goals. These risks are reported quarterly to the IRMC, ensuring proactive management.

### IT and Cybersecurity

Our IT governance framework aligns technology objectives with business strategy, prioritizing cybersecurity in response to increasing digital risks. Investments in a dedicated SOC and advanced encryption protocols have strengthened our defenses. Regular vulnerability testing, penetration testing, and employee training mitigate cyber threats. In 2024/25, cybersecurity was a recurring agenda item for the IRMC, with no significant incidents reported. The Information Security Officer, supported by a dedicated team, ensures robust oversight.

### Combined Assurance Model

Our combined assurance model integrates internal audits, external audits, and management controls to provide comprehensive oversight. In 2024/25,

## CORPORATE GOVERNANCE

we enhanced ESG data assurance processes, engaging third-party auditor to validate sustainability metrics. This model ensures reliability in financial and non-financial reporting, supporting stakeholder confidence and regulatory compliance.

### Stakeholder Engagement

#### Shareholder Communication

Effective shareholder engagement is central to our governance strategy, ensuring transparency and inclusivity. Key platforms include:

- ◆ Annual General Meetings (AGMs): The AGM serves as the primary forum for shareholder interaction, with all sub-committee chairpersons present to address queries. Separate resolutions are proposed for key issues, such as the adoption of financial statements, and proxy votes are meticulously recorded.
- ◆ Quarterly Results Updates: We provide timely disclosures of financial performance and material developments through the CSE, press releases, emails, and our corporate website. These updates ensure that shareholders have access to accurate and relevant information.
- ◆ Shareholder and Investor Communications Policy: This policy guarantees equal and transparent access to information, with regular updates on governance, performance, and ESG initiatives.

### Other Stakeholders

We engage year-round with diverse stakeholders, including employees, customers, suppliers, regulators, and communities. Employee engagement is facilitated through town halls, surveys, and training programs, while customer feedback is gathered via digital platforms and service interactions. Supplier relationships are strengthened through regular audits and collaboration on ESG goals. In 2024/25, we expanded community engagement through CSR initiatives focused on financial literacy and environmental conservation, aligning with our sustainability objectives.

### Minority Shareholder Rights

We are committed to protecting the rights of minority shareholders, ensuring equitable treatment and access to information. Shareholders are encouraged to participate in AGMs, seek independent advice, and raise concerns through the Company Secretary. Price-sensitive information is disseminated promptly via the CSE, and all shareholder correspondence is addressed promptly.

### ESG Integration

GRI 2-9, GRI 2-12, GRI 2-13, GRI 2-14

#### ESG Governance

The Board holds ultimate responsibility for ESG strategies, with the IRMC overseeing risk and opportunity management. A dedicated ESG team, reporting to senior management, coordinates implementation across operations. The Group established an ESG Working Group to streamline sector-specific initiatives, ensuring alignment with corporate objectives and regulatory expectations.

#### Hayleys Lifecode

Inspired by the Hayleys Lifecode, our ESG framework sets ambitious targets for environmental stewardship, social impact, and governance excellence. It aligns with SDGs, GRI Standards, and SLFRS S1 and S2, focusing on reducing carbon footprints, promoting financial inclusion, and enhancing governance transparency. In 2024/25, we achieved measurable progress in green financing and community development programs.

### Data Integrity and Reporting

We adopted GRI Reporting Standards, with third-party assurance for ESG metrics to ensure data integrity. Our 2024/25 sustainability disclosures provide a comprehensive view of our environmental, social, and governance performance, aligning with stakeholder expectations and global best practices. Enhanced reporting tools improved transparency, earning positive feedback from investors and regulators.

### Training and Awareness

In 2024/25, we conducted extensive training programs on ESG risks, climate-related opportunities, and ethical conduct of employees. These initiatives, facilitated by internal and external

experts, fostered a sustainability-driven culture, encouraging employees to integrate ESG principles into daily operations. Awareness campaigns also targeted customers, promoting sustainable financial practices.

### Digital Transformation and IT Governance

#### Digital Roadmap

Our IT strategy leverages advanced technologies, including AI, IoT, and data analytics, to enhance operational efficiency and customer experience. In 2024/25, we expanded our digital lending platforms, reducing processing times and improving access to financial services for underserved communities. Investments in mobile banking and automated credit scoring systems further strengthened customer centricity.

#### IT Governance Structure

Our IT governance framework follows the three lines of defense model, with management controls, security teams, and internal audits ensuring robust oversight. The Information Security Officer, supported by a dedicated team, reports to the IRMC, with cybersecurity matters escalated to the Board as needed.

#### Policies and Controls

Board-approved IT policies govern acceptable use, access control, data backup, and cybersecurity. Regular vulnerability testing, penetration testing, and SOC monitoring safeguard our systems. In 2024/25, we implemented advanced encryption protocols and multi-factor authentication, reducing cyber risk exposure. Employee training on phishing and data protection further strengthened our defenses.

### Remuneration Governance

#### Remuneration Philosophy

Our remuneration framework is designed to attract, motivate, and retain high-performing talent while aligning with strategic objectives and ethical principles. It promotes market competitiveness, internal equity, and performance-driven rewards, discouraging excessive risk-taking. In 2024/25, we benchmarked remuneration against industry peers to ensure fairness and alignment with regulatory

expectations.

### Remuneration Committee

The Human Resources and Remuneration Committee, comprising NEDs and INEDs, oversees remuneration policies for the CEO, KMP, and senior management. In 2024/25, the committee reviewed executive compensation, implementing market corrections to align with the median of comparable financial institutions. It also set performance-based incentives tied to financial, operational, and ESG targets.

### Non-Executive Director Remuneration

NEDs receive fees for Board and sub-committee roles, reflecting time commitment and responsibilities. Fees are set by the Human Resources and Remuneration Committee, benchmarked against market practices, and exclude performance-based incentives to maintain independence. In 2024/25, NED remuneration was reviewed to ensure competitiveness, with no individual director involved in determining their

own fees.

### Strategy and Performance Monitoring

#### Board Oversight

The Board provides strategic direction and monitors performance through monthly meetings, special sessions, and sub-committee reports. It oversees the execution of the corporate plan, financial performance, and operational targets, ensuring alignment with stakeholder expectations. The CEO's performance is evaluated annually against predefined financial, operational, and ESG metrics, with results informing remuneration decisions.

#### Key Focus Areas

In 2024/25, the Board prioritized the following strategic areas:

- ◆ Portfolio Optimization and Resilience: Strengthened credit risk management and diversified financial products, achieving an increase in loan portfolio quality.
- ◆ Customer Centricity: Enhanced digital platforms, resulting in

an improvement in customer satisfaction scores.

- ◆ Navigating External Challenges: Adapted to macroeconomic volatility and regulatory changes, maintaining stable liquidity and capital adequacy ratios.
- ◆ ESG Integration and Ethical Culture: Embedded sustainability and ethical conduct in operations, with 90% of new loans screened for ESG compliance.

### Board Engagement

The Board convened 14 meetings in 2024/25, with high attendance reflecting strong engagement (see table below). Executive Directors provided insights into operational performance, while sub-committees offered specialized oversight. Special meetings addressed the 2025/26 corporate plan, focusing on digital transformation and ESG integration. Board papers were circulated in advance, ensuring informed decision-making.

Name of Director	Board Meetings	Board Audit Committee	IRMC	RPT Review Committee	Nominations & Governance Committee	HR & Remuneration Committee	Credit Committee
<b>Mr. Aravinda Perera</b> (Chairman/NED)	14/14	1/1	-	-	4/4	1/1	-
<b>Mr. Jayanth Perera</b> (Senior INED) - Retired w.e.f 14th June 2024	2/3	1/1	1/1	1/1	0/1	1/1	4/4
<b>Mr. Thushan Amarasuriya</b> (CEO/ED)	14/14	-	1/1	-	-	-	4/4
<b>Ms. Darshini Talpahewa</b> (NED)	11/14	-	-	-	-	-	-
<b>Mr. Mahesh Wijewardene</b> (NED)	14/14	-	-	-	-	-	-
<b>Mr. Ranil De Silva</b> (INED)	14/14	7/7	-	4/4	1/1	1/1	-
<b>Mr. Saman Herath</b> (Senior INED)	14/14	7/7	5/5	1/1	4/4	1/1	4/4
<b>Mr. Dhammika Siriwardene</b> (INED, appointed 22nd April 2024)	13/13	6/6	3/4	3/3	-	-	-
<b>Ms. Hiranthi De Silva</b> ( INED appointed 10.07.2024)	10/10		4/4	3/3	3/3		4/4

## CORPORATE GOVERNANCE

### Compliance and Assurance

#### Regulatory Compliance

Singer Finance maintained full compliance with all applicable laws and regulations in 2024/25, including CBSL Direction No. 5 of 2021, CSE Listing Rules, and the Companies Act. Our zero-tolerance policy for non-compliance, bribery, and corruption was rigorously enforced, with no significant violations or fines reported. Regular compliance audits, conducted by internal and external teams, ensured adherence to regulatory standards.

#### Internal Audit

The Internal Audit Division, supported by outsourced branch audits, plays a critical role in assessing control effectiveness. Reports are reviewed by the Audit Committee, with direct access to the Chairman to ensure independence. In 2024/25, we expanded the scope of internal audits enhancing oversight of sustainability initiatives.

#### External Audit

External auditors, appointed annually, maintain independence per CBSL and CSE guidelines. The Audit Committee conducts in-camera meetings to address concerns, with non-audit work strictly monitored to preserve objectivity. In 2024/25, external audits confirmed the accuracy of financial statements and ESG disclosures, reinforcing stakeholder confidence. For the 2024/25 financial year, EY was appointed as the external auditors, and their audits confirmed the accuracy of financial statements and ESG disclosures, strengthening stakeholder confidence.

#### Whistleblower Mechanisms

Our Whistleblower Policy provides secure reporting channels, with concerns escalated to the Audit Committee for independent review. In 2024/25, we enhanced accessibility ensuring confidentiality and protection for whistleblowers. No material breaches were reported, reflecting the effectiveness of our ethical framework.

### Roadmap for Future Governance

#### Alignment with New Rules

Having achieved full compliance with CBSL Direction No. 5 of 2021 and the 2023 CA Sri Lanka Code, we will continue to monitor updates to regulatory frameworks, including potential revisions to CSE Listing Rules. In 2025/26, we aim to adopt emerging global standards, such as updates to IFRS sustainability reporting, to maintain our leadership in governance.

#### Policy Enhancements

We plan to introduce new policies on digital ethics, green financing, and diversity to address evolving risks and opportunities. Existing policies will be reviewed annually to ensure relevance, with a focus on cybersecurity, ESG integration, and stakeholder engagement. In 2025/26, we will launch a supplier code of conduct to reinforce ethical practices across our value chain.

#### Continuous Improvement

Our governance roadmap for 2025/26 includes:

- ◆ Enhancing ESG integration through advanced data analytics and stakeholder feedback
- ◆ Expanding digital engagement platforms to improve shareholder and customer interaction
- ◆ Streamlining Board appraisal processes to incorporate external benchmarking

Singer Finance remains steadfast in its commitment to exemplary corporate governance, ensuring that we deliver sustainable value and uphold stakeholder trust in an increasingly complex financial landscape. By aligning with CBSL regulations, global best practices, and our ethical principles, we are well-positioned to drive long-term success and positive impact.

## Section A

### Compliance with the Finance Business Act Direction No. 5 of 2021 Corporate Governance issued by Central Bank of Sri Lanka

Section	Corporate Governance Principle	Extent of Compliance
<b>1</b>	<b>BOARD'S OVERALL RESPONSIBILITIES</b>	
1.1	Assume overall responsibility and accountability for the operations of the Company, by setting up the strategic direction, governance framework, establishing corporate culture and ensuring compliance with regulatory requirements.	<p><b>Complied</b></p> <p>The Board holds overall responsibility and accountability for the company's operations listed 1.2 to 1.7 of the direction.</p>
1.2	<b>Business Strategy and Governance Framework</b>	
(a)	Approving and overseeing the implementation of the Company's overall business strategy with measurable goals for next three years and update it annually in view of the developments in the business environment.	<p><b>Complied</b></p> <p>A strategy plan covers the specified period</p>
(b)	Approving and implementing Company's governance framework commensurate with the Company's size, complexity, business strategy and regulatory requirements.	<p><b>Complied</b></p> <p>The Board approved governance framework is in place.</p>
(c)	Assessing the effectiveness of the governance framework periodically.	<p><b>Complied</b></p> <p>The Governance Framework is periodically reviewed to align with changes in the operating environment.</p>
(d)	Appointing the Chairperson and the Chief Executive Officer (CEO) and define the roles and responsibilities.	<p><b>Complied</b></p> <p>Two separate individuals have been appointed for the roles of Chairman and CEO. The Chairman is responsible for managing, developing, and ensuring the effective functioning of the board, while the CEO is tasked with directing and overseeing the company's operations.</p>
1.3	<b>Corporate Culture and Values</b>	
(a)	Ensuring that there is a sound corporate culture within the Company, which reinforces ethical, prudent and professional behavior.	<p><b>Complied</b></p> <p>The company endeavors to foster a sound corporate culture by implementing various policies, procedures, and processes, including HR Policies, Code of Business Conduct and Ethics, Anti-Bribery and Anti-Corruption Policy, and Whistleblowing Policy. These measures are designed to promote ethical, prudent, and professional behavior.</p>
(b)	Playing a lead role in establishing the Company's corporate culture and values, including developing a code of conduct and managing conflicts of interest.	<p><b>Complied</b></p> <p>Corporate values are integrated into the Board-approved strategic plan, and the Board-approved Code of Conduct and policy on managing conflict of interest are in place.</p>
(c)	Promoting sustainable finance through appropriate environmental, social and governance considerations in the Company's business strategies.	<p><b>Complied</b></p> <p>In forming the Business Strategies CBSL's Sustainable development goals are well taken into consideration.</p>

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Extent of Compliance
(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 Company's performance, position and prospects in public and regulators.	<p><b>Complied</b></p> <p>The Board approved Communication Policy is in place and is regularly reviewed to ensure it reflects best practices in communications.</p>
<b>1.4</b>	<b>Risk Appetite, Risk Management and Internal Controls</b>	
(a)	Establishing and reviewing the Risk Appetite Statement (RAS) in line with Company's business strategy and governance framework.	<p><b>Complied</b></p> <p>A RAS is in place, aligning with the company's business strategy and governance framework, and is regularly reviewed by the Board Integrated Risk Management Committee (BIRMC).</p>
(b)	Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently.	<p><b>Complied</b></p> <p>The Board has delegated this function to its sub-committee, the Board Integrated Risk Management Committee (BIRMC). Identifying major risks and establishing systems to measure, monitor, and manage these key risks are being performed and summary of the same is reported to the BIRMC.</p>
(c)	Adopting and reviewing the adequacy and the effectiveness of the Company's internal control systems and management information systems periodically.	<p><b>Complied</b></p> <p>The Board Audit Committee performs periodical assessments on the adequacy and effectiveness of the internal controls system in addition to the risk based management information system (MIS) reporting performed by the Risk Department on monthly basis.</p>
(d)	Approving and overseeing business continuity and disaster recovery plan for the Company to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances.	<p><b>Complied</b></p> <p>A Board-approved Business Continuity and Disaster Recovery Plan, is in place.</p>
<b>1.5</b>	<b>Board Commitment and Competency</b>	
(a)	All members of the Board shall devote sufficient time on dealing with the matters relating to affairs of the Company.	<p><b>Complied</b></p> <p>The Board of Directors devote sufficient time for both Board meetings and Board Sub-committee meetings to address matters related to the company's affairs.</p>
(b)	All members of the Board shall possess necessary qualifications, adequate skills, knowledge, and experience.	<p><b>Complied</b></p> <p>All members of the Board possess necessary qualifications, adequate skills, knowledge, expertise, and experience across various business sectors, adding significant value to the company.</p>

Section	Corporate Governance Principle	Extent of Compliance
(c)	The Board shall regularly review and agree the training and development needs of all the members.	<p><b>Complied</b></p> <p>The Board annually reviews and approves the training plan for the Financial Year at its start, recognizing the importance of continuous training. Experts of the respective areas are invited to share new knowledge during these training sessions. Additionally, the Company Secretary informs the Board of any other relevant training programs for Directors' participation.</p>
(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.	<p><b>Complied</b></p> <p>The Company has adopted a scheme of annual self-assessment to be undertaken by each Director on individual performance, and of its Board as a whole and that of its committees. These assessments forms part of the documents submitted to CBSL for annual assessment of fitness and Propriety of Board Members</p>
(e)	The Board shall resolve to obtain external independent professional advice to the Board to discharge duties to the Company.	<p><b>Complied</b></p> <p>The Board is authorized to seek independent professional advice to fulfill duties for the company, at the company's expense. A Board-approved policy is in place to facilitate this.</p>
<b>1.6</b>	<b>Oversight of Senior Management</b>	
(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.	<p><b>Complied</b></p> <p>The positions that can significantly influence the Company's policies, direct activities, exercise control over business operations and risk management, have been identified by the Board and designated as Senior Management of the Company.</p>
(b)	Defining the areas of authority and key responsibilities for the senior management.	<p><b>Complied</b></p> <p>The key responsibilities of senior management are outlined in their job descriptions (JDs). The areas and limits of their authority are specified under the Delegation Authority (DA) limits assigned to them.</p>
(c)	Ensuring the senior management possess the necessary qualifications, skills, experience and knowledge to achieve the Company's strategic objectives.	<p><b>Complied</b></p> <p>All the Senior Management personnel possess necessary qualifications, skills, experience and knowledge to perform their assigned functions.</p>
(d)	Ensuring there is an appropriate oversight of the affairs of the Company by senior management.	<p><b>Complied</b></p> <p>Senior management oversees the company's affairs and frequently make presentations to the Board and Board Sub-committee on matters under their purview.</p>

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Extent of Compliance
(e)	Ensuring the Company has an appropriate succession plan for senior management.	<p><b>Complied</b></p> <p>A Board approved succession plan for senior management personnel is in place. The Human Resources Department ensures that the succession planning process is up to date.</p>
(f)	Meeting regularly with the senior management to review policies, establish lines of communication and monitor progress towards strategic objectives.	<p><b>Complied</b></p> <p>Senior management regularly presents and actively participates in discussions on their areas of responsibility during Board meetings and Board Sub-committee meetings. Directors have unrestricted and open contact with the company's senior management.</p>
<b>1.7</b>	<b>Adherence to the Existing Legal Framework</b>	
(a)	Ensuring that the Company does not act in a manner that is detrimental to the interests of and obligations to, depositors, shareholders and other stakeholders.	<p><b>Complied</b></p> <p>The company operates within the Board-approved Governance Framework and are committed to not to act in ways that are detrimental to the interests of or obligations to depositors, shareholders, and other stakeholders.</p>
(b)	Adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards.	<p><b>Complied</b></p> <p>Ensure adherence to the regulatory environment and compliance with relevant laws, regulations, directions, and ethical standards through periodic independent assurance from the Compliance Department and Internal Audit Department.</p>
(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.	<p><b>Complied</b></p> <p>The Board of Directors act with due care, prudence, and integrity, being mindful of potential civil and criminal liabilities that may arise from failing to diligently discharge their duties.</p>
<b>2</b>	<b>GOVERNANCE FRAMEWORK</b>	
<b>2.1</b>	<p>Board shall develop and implement a governance framework in line with these directions and including but not limited to the following.</p> <ul style="list-style-type: none"> <li>a) role and responsibilities of the Board</li> <li>b) matters assigned for the Board.</li> <li>c) delegation of authority.</li> <li>d) composition of the Board.</li> <li>e) the Board's independence.</li> <li>f) the nomination, election and appointment of directors and appointment of senior management.</li> <li>g) the management of conflicts of interests</li> <li>h) access to information and obtaining independent advice.</li> <li>i) capacity building of Board members.</li> <li>j) the Board's performance evaluation.</li> <li>k) role and responsibilities of the chairperson and the CEO.</li> <li>l) role of the company secretary.</li> <li>m) Board sub committees and their role; and</li> <li>n) limits on related party transactions.</li> </ul>	<p><b>Complied</b></p> <p>A Board approved Governance Framework is in place which includes but is not limited to the key aspect of good governance mentioned here.</p>

Section	Corporate Governance Principle	Extent of Compliance
<b>3</b>	<b>COMPOSITION OF THE BOARD</b>	
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 Company.	<p><b>Complied</b></p> <p>All members of the Board possess vast experience, qualifications, adequate skills, and knowledge in the relevant fields.</p>
3.2	The number of directors on the Board shall not be less than seven (07) and not more than thirteen (13).	<p><b>Complied</b></p> <p>The Board consists of eight Directors.</p>
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	<p><b>Complied</b></p> <p>The Period of Service of all Directors are less than nine years during the year under review.</p>
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.	<p>No such situations have arisen.</p>
<b>3.5</b>	<b>Executive Directors</b>	
(a)	Only an employee of a Company shall be nominated, elected and appointed, as an executive director of the Company, provided that the number of executive directors shall not exceed one-third ( 1 / 3 ) of the total number of directors of the Board.	<p><b>Complied</b></p> <p>Mr. Thushan Amarasuriya is the only Executive Director among the eight directors who is also an employee of the company.</p>
(b)	A shareholder who directly or indirectly holds more than 10% of the voting rights of the Company, 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 Company 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.	<p>No such situations have arisen.</p>
(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 Company.	<p><b>Complied</b></p> <p>Mr. Thushan Amarasuriya is the only Executive Director of the Company who currently holds the position of CEO.</p>
(d)	All Executive directors shall have a functional reporting line in the organization structure of the Company.	<p><b>Complied</b></p>
(e)	The executive directors are required to report to the Board through CEO.	<p>The CEO, who is the only Executive Director, has a clear functional reporting line within the company's organizational structure and reports directly to the Board.</p>
(f)	Executive directors shall refrain from holding executive directorships or senior management positions in any other entity.	<p><b>Complied</b></p> <p>Mr. Thushan Amarasuriya (Executive Director) does not hold any executive directorships or senior management positions in any other Company.</p>

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Extent of Compliance
<b>3.6</b>	<b>Non-Executive Directors</b>	
(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.	<p><b>Complied</b></p> <p>The Non-Executive Directors of the Board are distinguished individuals with extensive knowledge, skills, competence and experience in various business fields. Their detailed profiles can be found on pages 30 to 33.</p>
(b)	A non-executive director cannot be appointed or function as the CEO/ executive director of the Company.	<p><b>Complied</b></p> <p>None of the Non-Executive Directors are appointed or function as the CEO/ Executive Directors of the Company.</p>
<b>3.7</b>	<b>Independent Directors</b>	
(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.	<p><b>Complied</b></p> <p>Four out of Eight Directors are Independent Directors.</p>
(b)	Independent directors appointed shall be of highest caliber, with professional qualifications, proven track record and sufficient experience.	<p><b>Complied</b></p> <p>All Independent Directors of the Company are of the highest calibre possessing professional qualifications, a proven track record, and sufficient experience.</p>
(c)	<p>A non-executive director shall not be considered independent if such:</p> <ul style="list-style-type: none"> <li>i. Director has a direct or indirect shareholding exceeding 5% of the voting rights of the Company or exceeding 10% of the voting rights of any other Finance Company.</li> <li>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 Company, 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 Company as shown in its last audited statement of financial position.</li> <li>iii. Director has been employed by the Company 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.</li> <li>iv. Director has been an advisor or consultant or principal consultant/ advisor in the case of a firm providing consultancy to the Company or its affiliates during the one year preceding the appointment as director.</li> <li>v. Director has a relative, who is a director or senior management of the Company or has been a director or senior management of the Company during the one year, immediately preceding the appointment as director or holds shares exceeding 10% of the voting rights of the Company or exceeding 20% of the voting rights of another Finance Company.</li> <li>vi. Director represents a shareholder, debtor, creditor or such other similar stakeholder of the Company.</li> <li>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 Company is employed or is a director.</li> </ul>	<p><b>Complied</b></p>

Section	Corporate Governance Principle	Extent of Compliance
	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 Company as defined in direction 12.1(c), or in which any of the other directors of the Company 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 Company.	
(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.	No such situations have arisen.
(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.	No such situations have arisen.
<b>3.8</b>	<b>Alternate Directors</b>	
(a)	Representation through an alternate director is allowed only; <ul style="list-style-type: none"> <li>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</li> <li>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.</li> </ul>	<div>Not Applicable</div> <p>There were no Alternate Director appointments for the FY under review</p>
(b)	The existing directors of the Company cannot be appointed as an alternate director to another existing director of the Company.	
(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.	
<b>3.9</b>	<b>Cooling off Periods</b>	
(a)	There shall be a cooling off period of six months prior to an appointment of any person as a director, CEO of the Company, who was previously employed as a CEO or director, of another Finance Company. Any variation thereto in exceptional circumstances where expertise of such persons requires to reconstitute a Board of a Company which needs restructuring, shall be made with prior approval of the Monetary Board.	<div>Complied</div> <p>The two new Director appointments have been made during the financial year under review. None of the Directors had hold any positions in another Finance Company prior to their appointment as Directors of Singer Finance (Lanka) PLC.</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.	

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Extent of Compliance
3.10	<b>Common Directorships</b> Director or a senior management of a Company shall not be nominated, elected or appointed as a director of another Finance Company except where such Company is a parent company, subsidiary company or an associate company or has a joint arrangement with the first mentioned Company subject to conditions stipulated in Direction 3.5(f).	<b>Complied</b> No Director or a member of the senior management has been appointed as a Director of another Finance Company.
3.11	The Board shall determine the appropriate limits for directorships that can be held by directors. However, a director of a Company 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 Company.	<b>Complied</b> No Director holds more than 20 Directorships. The Directorships held by the Directors are available under Director Profiles, Pages 30 to 33
4	<b>ASSESSMENT OF FITNESS AND PROPRIETY CRITERIA</b>	
4.1	No person shall be nominated, elected or appointed as a director of the Company or continue as a director of such Company unless that person is a fit and proper person to hold office as a director of such Company in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction or as amended.	<b>Complied</b> Fitness and Propriety of Directors are assessed annually and at the time of nomination, election and appointment in terms of the requirements of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction No. 6 of 2021
4.2	A person over the age of 70 years shall not serve as a director of a Company.	<b>Complied</b> None of the Directors of the Company are above the age of 70 years.
4.3	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,  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.  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).  c) The maximum number of directors exceeding 70 years of age is limited to one-fifth (1/5) of the total number of directors.  d) The director concerned shall have completed a minimum period of 3 continuous years in office, as at the date of the first approval.	No such situations have arisen.
5	<b>APPOINTMENT AND RESIGNATION OF DIRECTORS AND SENIOR MANAGEMENT</b>	
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.	<b>Complied</b> All the appointments to and resignations and removal from the Board and Senior Management positions were made in accordance with the Finance Business Act direction No. 6 of 2021 – Assessment of Fitness and Propriety of Key Responsible Person.

Section	Corporate Governance Principle	Extent of Compliance
<b>6</b>	<b>THE CHAIRPERSON AND THE CEO</b> <span style="border: 1px solid black; padding: 0 2px;">GRI 2-11</span>	
<b>6.1</b>	There shall be a clear division of responsibilities between the chairperson and CEO and responsibilities of each person shall be set out in writing.	<p><b>Complied</b></p> <p>The positions of the Chairman and the CEO are separate and performed by two different individuals.</p>
<b>6.2</b>	The chairperson shall be an independent director, subject to 6.3 below.	Mr. Saman Herath serves as the Senior Independent Non-Executive Director since the Chairman is Non Independent Non-Executive Director.
<b>6.3</b>	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. Non-Executive directors including senior director shall assess the chairperson's performance at least annually.	<p>The Terms of Reference of the Senior Independent Director are documented.</p> <p>Non-Executive Directors including Senior Director annually assess the Chairperson's performance.</p>
<b>6.4</b>	<p><b>Responsibilities of the Chairperson</b></p> <p>The responsibilities of the chairperson shall at least include the following:</p> <ol style="list-style-type: none"> <li>Provide leadership to the Board.</li> <li>Maintain and ensure a balance of power between executive and non-executive directors.</li> <li>Secure effective participation of both executive and non-executive directors.</li> <li>Ensure the Board works effectively and discharges its responsibilities.</li> <li>Ensure all key issues are discussed by the Board in a timely manner.</li> <li>Implement decisions/directions of the regulator.</li> <li>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.</li> <li>Not engage in activities involving direct supervision of senior management or any other day to day operational activities.</li> <li>Ensure appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.</li> <li>Annual assessment on the performance and the contribution during the past 12 months of the Board and the CEO.</li> </ol>	<p><b>Complied</b></p> <p>The Chairman is responsible to provide leadership, guidance, and oversight to the Board, ensuring that it operates effectively, fulfills its responsibilities, and acts in the best interests of the company and its stakeholders.</p> <p>Company Secretary prepares the agenda in consultation with the Chairman, as this function has been delegated to the Company Secretary by the Chairman.</p> <p>The Chairman does not engage in direct supervision of senior management or any other day to day operational activities.</p> <p>Effective communication with shareholders is maintained at the Annual General Meeting providing opportunity for them to express their views and recommendations.</p> <p>The Chairman assess the performance and contributions of the Board and the CEO on an annual basis.</p>
<b>6.5</b>	<p><b>Responsibilities of the CEO</b></p> <p>The CEO shall function as the apex executive-in-charge of the day-to-day management of the Company's operations and business. The responsibilities of the CEO shall at least include:</p> <ol style="list-style-type: none"> <li>Implementing business and risk strategies in order to achieve the Company's strategic objectives.</li> <li>Establishing a management structure that promotes accountability and transparency throughout the Company's operations and preserves the effectiveness and independence of control functions.</li> </ol>	<p><b>Complied</b></p> <p>The CEO functions as the apex Executive-In-Charge of the day-to-day management of the Company's operations and business, fulfilling the responsibilities outlined in the Direction.</p>

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Extent of Compliance
	<ul style="list-style-type: none"> <li>c) Promoting, together with the Board, a sound corporate culture within the Company, which reinforces ethical, prudent and professional behaviour.</li> <li>d) Ensuring implementation of proper compliance culture and being accountable for accurate submission of information to the regulator.</li> <li>e) Strengthening the regulatory and supervisory compliance framework.</li> <li>f) Addressing the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.</li> <li>g) CEO must devote the whole of the professional time to the service of the Company and shall not carry on any other business, except as a non-executive director of another company, subject to Direction 3.10.</li> </ul>	
<b>7</b>	<b>MEETINGS OF THE BOARD</b>	
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.	<p><b>Complied</b></p> <p>The Board meetings are regularly held in monthly interval. The Board met 14 times during the year 2024/25.</p> <p>The circulation of resolutions and papers to obtain the Board's consent is minimized and only used when absolutely necessary. This occurred only in 15 instances, all of which were ratified by the Board at the subsequent Board Meeting.</p>
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.	<p><b>Complied</b></p> <p>The Board ensures that all Directors have equal opportunities to include matters and proposals in the agenda for the monthly Board Meetings, Board meeting dates are scheduled and communicated to the Board at the beginning of each calendar year.</p>
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.	<p><b>Complied</b></p> <p>Board meeting dates are informed to the Board members in advance for the calendar year. A Notice of Meeting is circulated to the Directors at least 7 days prior to the scheduled Board meeting. Reasonable notice is provided before all other Board meetings.</p>
7.4	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions.	<p><b>Complied</b></p> <p>Board papers are sent to the Directors in advance, allowing them sufficient time to review the documents and request additional information or clarification before the meeting. All Directors actively participate in Board meetings by offering their views and suggestions in the best interest of the Company, and these deliberations are recorded in the minutes.</p>

Section	Corporate Governance Principle	Extent of Compliance
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.	<p><b>Complied</b></p> <p>All Board meetings held during the financial year were duly constituted with one fourth (1/4) of the number of Directors constituting the quorum being Independent Directors.</p>
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.	<p><b>Complied</b></p> <p>Two meetings in the month of August 2024 and February 2025 were held exclusively with the participation of Non-Executive Directors, without the presence of Executive Directors.</p>
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.	<p><b>Complied</b></p> <p>There were no such resolutions tabled for the FY under review</p>
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.	<p><b>Complied</b></p> <p>All Directors have attended at least two-thirds of the meetings held during the year and no Director has been absent from three consecutive regular Board meetings during the year 2024/2025.</p>
7.9	<b>Scheduled Board Meetings and Ad Hoc Board Meetings</b>  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.	<p><b>Complied</b></p> <p>Participation in person is encouraged for all scheduled Board Meetings. Thirteen Board meetings were held physically and one meeting was held through electronic means. The Directors participation through electronic media has been recorded in the minutes.</p>
<b>8</b>	<b>COMPANY SECRETARY</b>	
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.	<p><b>Complied</b></p> <p>The Company has a senior manager serving as the Company Secretary, who is not an employee of any other company.</p>
8.1.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 Company and shall not become an employee of any other institution.	<p>The Company Secretary's primary responsibilities include providing secretarial services to the Board and shareholders' meetings, as well as performing other functions specified by relevant statutes and regulations.</p>
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.	<p><b>Complied</b></p> <p>All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, laws, directions, rules and regulations are followed.</p>

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Section	Corporate Governance Principle	Extent of Compliance
8.3	The company secretary shall be responsible for preparing the agenda in the event chairperson has delegated carrying out such function.	<p><b>Complied</b></p> <p>The Company Secretary has been delegated with the responsibility of preparing the agenda for the Board meeting.</p>
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.	<p><b>Complied</b></p> <p>The Company Secretary maintains minutes in sufficient detail. The minutes of Board meetings, along with all submissions to the Board, are kept for a minimum of six years.</p>
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 Company.	
8.6	<p>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:</p> <p>(a) a summary of data and information used by the Board in its deliberations;</p> <p>(b) the matters considered by the Board;</p> <p>(c) the fact-finding discussions and the issues of contention or dissent, including contribution of each individual director;</p> <p>(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;</p> <p>(e) the Board's knowledge and understanding of the risks to which the Company is exposed and an overview of the risk management measures adopted; and</p> <p>(f) the decisions and Board resolutions.</p>	
8.7	The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	<p><b>Complied</b></p> <p>Upon a reasonable request, any Director can inspect the minutes.</p>
<b>9</b>	<b>DELEGATION OF FUNCTIONS BY THE BOARD</b>	
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 Company.	<p><b>Complied</b></p> <p>The Board approved delegation authority limits are in place.</p>
9.2	In the absence of any of the sub-committees mentioned in Direction 10 below, the Board shall ensure the functions stipulated under such committees shall be carried out by the Board itself.	<p><b>Not Applicable</b></p> <p>All the required Board sub-committees are currently operational.</p>
9.3	The Board may establish appropriate senior management level sub-committees with appropriate DA to assist in Board decisions.	<p><b>Complied</b></p> <p>The Board has established management level committees such as Assets Liability Committee, Information Security Committee, Anti-Money Laundering Committee to assist in Board decisions.</p>
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.	<p><b>Complied</b></p> <p>The Board's capacity to perform its duties has not been impacted by approved delegation of authority.</p>

Section	Corporate Governance Principle	Extent of Compliance
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 Company.	<p><b>Complied</b></p> <p>The delegation process is periodically reviewed based on operational requirements.</p>
<b>10</b>	<b>BOARD SUB COMMITTEES</b>	
10.1.a	<p>Finance Companies with asset base of more than Rs. 20 billion,</p> <p>Shall establish a Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC) Nomination Committee, Human Resource and Remuneration Committee and Related Party Transactions Review Committee.</p> <p>Meetings shall be held at least once in two months BAC and BIRMC. Other committees shall meet at least annually.</p>	<p><b>Complied</b></p> <p>The Following Committees have been appointed by the Board and each such committee is required to report to the Board.</p> <ol style="list-style-type: none"> <li>1) Board Audit Committee (BAC)</li> <li>2) Board Integrated Risk Management Committee (BIRMC)</li> <li>3) Board Nomination and Governance Committee</li> <li>4) Human Resource and Remuneration Committee</li> <li>5) Related Party Transactions Review Committee (RPTRC)</li> </ol> <p>The BAC and BIRMC have been held once in 2 months from 01.07.2024, RPTRC quarterly and other committees are met at least annually. The frequency of these meetings is detailed in each Committee report from page 259 to page 266.</p>
10.1.b	Each Board sub-committee shall have a board approved written terms of reference specifying clearly its authority and duties.	<p><b>Complied</b></p> <p>Board Approved Terms of Reference is available for each Board Sub Committee which clearly specified its authorities and duties.</p>
10.1.c	The Board shall present a report on the performance of duties and functions of each Board sub-committee, at the annual general meeting of the Company.	<p><b>Complied</b></p> <p>The Company ensure this aspect by the inclusion of reports on the performance, duties and functions of each Committee in the annual report for the financial year 2024/25 on pages 259 to 266.</p>
10.1.d	Each sub-committee shall appoint a secretary to arrange its meetings, maintain minutes, voice or video recordings, maintenance of records and carry out such other secretarial functions under the supervision of the chairperson of the committee.	<p><b>Complied</b></p> <p>The Company Secretary serves as the Secretary for these Sub-Committees, except for the BIRMC, where the Secretary is the Senior Manager - Risk. All secretaries arrange meetings, maintain minutes, and perform other secretarial functions under the supervision of the committee chairperson.</p>

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Section	Corporate Governance Principle	Extent of Compliance
10.1.e	Each Board sub-committee shall consist of at least three Board members and shall only consist of members of the Board, who have the skills, knowledge and experience relevant to the responsibilities of the committee.	<p><b>Complied</b></p> <p>Each Committee comprises at least three Board members who possess skills, knowledge and experience relevant to the responsibilities of the Committees. Compositions of the Committees are disclosed in pages 259 to 266 of the annual report.</p>
10.1.f	The Board may consider occasional rotation of members and of the chairperson of Board sub-committees, as to avoid undue concentration of power and promote new perspectives.	<p><b>Complied</b></p> <p>Re constitution of members of the sub committees were performed during the year 2024/25.</p>
10.2	<b>Board Audit Committee (BAC)</b>	
10.2.a	The chairperson of BAC shall be an independent director who possesses qualifications and experience in accountancy and/or audit.	<p><b>Complied</b></p> <p>The Chairman of the Audit Committee is an Independent Non-Executive Director and possesses qualifications and related experience.</p> <p>Qualifications and experience are disclosed in page 28 of the Annual Report.</p>
10.2.b	The Board members appointed to the BAC shall be non-executive directors and majority shall be independent directors with necessary qualifications and experience relevant to the scope of the BAC.	<p><b>Complied</b></p> <p>All three members of the Board Audit Committee are Independent Non-Executive Directors with the necessary qualifications and experience.</p>
10.2.c	The secretary to the BAC shall preferably be the Chief Internal Auditor (CIA).	<p>The Company Secretary acts as the Secretary to the BAC as at the reporting date.</p>
10.2.d	<b>External Audit Function</b>	
10.2.d.i	The BAC shall make recommendations on matters in connection with the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes, the service period, audit fee and any resignation or dismissal of the auditor.	<p><b>Complied</b></p> <p>The External Auditor's appointments, service periods, fees and any resignations / dismissal are determined and recommended by the BAC.</p>
10.2.d.ii	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. Further, Company shall not use the service of the same external audit firm for not more than ten years consecutively.	<p><b>Complied</b></p> <p>M/s Ernst &amp; Young was appointed as the external auditors for the FY 2024/25 consequent to M/s KPMG completing a period of 10 years on conclusion of FY 2023/24.</p>
10.2.d.iii	Audit partner of the company shall not be a substantial shareholder, director, senior management or employee of any Finance Company.	<p><b>Complied</b></p> <p>Audit Partner is not a shareholder, director or employee and does not hold any Senior Management position of other Finance Company.</p>

Section	Corporate Governance Principle	Extent of Compliance
10.2.d.iv	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.	<p><b>Complied</b></p> <p>Audit Committee have met the external auditors twice during the year to discuss aspects of audit concerns and all other related matters</p>
10.2.d.v	Audit partner shall not be assigned to any non-audit services with the Company during the same financial year in which the audit is being carried out. The BAC shall develop and implement a policy with the approval of the Board on the engagement of an external audit firm to provide non-audit services that are permitted under the relevant regulatory framework. In doing so, the BAC shall ensure that the provision of service by an external audit firm of non-audit services does not impair the external auditor's independence or objectivity.	<p><b>Complied</b></p> <p>There is a separate Board approved policy for "Engagement of an External Auditor to perform Non-Audit Services" in order to ensure that the non-audit services do not impair the independence and objectivity of the External Auditor.</p> <p>During the year, the External Auditor provided the following non-audit services all of which conforms with the governance rules and requirements.</p> <ol style="list-style-type: none"> <li>1) Application Control Review</li> <li>2) ECL Automation</li> </ol>
10.2.d.vi	<p>The BAC shall, before the audit commences, discuss and finalise with the external auditors the nature and scope of the audit, including:</p> <ol style="list-style-type: none"> <li>i) an assessment of the Company's compliance with Directions issued under the Act and the management's internal controls over financial reporting;</li> <li>ii) the preparation of financial statements in accordance with relevant accounting principles and reporting obligations;</li> <li>iii) the co-ordination between auditors where more than one auditor is involved.</li> </ol>	<p><b>Complied</b></p> <p>The Auditors present the proposed audit plan and scope at the BAC meeting. BAC members seek clarifications on the presentation's content if necessary and finalizes the nature and scope of the audit with the External Auditors, before the audit commences.</p>
10.2.d.vii	<p>The BAC shall review the financial information of the Company, in order to monitor the integrity of the financial statements of the Company in its annual report, accounts and periodical reports prepared for disclosure, and the significant financial reporting judgments contained therein. In reviewing the Company's annual report and accounts and periodical reports before submission to the Board, the committee shall focus particularly on:</p> <p>Major judgmental areas;</p> <ol style="list-style-type: none"> <li>i) any changes in accounting policies and practices;</li> <li>ii) significant adjustments arising from the audit;</li> <li>iii) the going concern assumption;</li> <li>iv) the compliance with relevant accounting standards and other legal requirements.</li> </ol>	<p><b>Complied</b></p> <p>The BAC reviews the annual and quarterly financial statements, focusing on key judgment areas, changes in accounting policies, significant audit judgments, the going concern assumption, and compliance with accounting standards and legal requirements. Clarifications are obtained for all areas before such financial statements are recommended for the Board's approval.</p>
10.2.d.viii	The BAC 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 senior management, if necessary.	<p><b>Complied</b></p> <p>The BAC met the External Auditors without the presence of the Senior Management twice during the financial year 2024/25 to discuss issues, problems and reservations arose during the audit.</p>

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Section	Corporate Governance Principle	Extent of Compliance
10.2.d.ix	The BAC shall review the external auditor's management letter and the management's response thereto within 3 months of submission of such, and report to the Board.	<p><b>Complied</b></p> <p>The BAC has reviewed the External Auditor's Management letter and management responses thereto, for the year 2023/24 within 3 months of submission of such, and reported to the Board.</p>
10.2.e	The BAC shall at least annually conduct a review of the effectiveness of the system of internal controls.	<p><b>Complied</b></p> <p>The BAC through Internal Audit Department reviews the effectiveness of the Internal control system of the Company.</p>
10.2.f	The BAC shall ensure that the senior management are taking necessary corrective actions in a timely manner to address internal control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors and supervisory bodies with respect to internal audit function of the Company.	<p><b>Complied</b></p> <p>The BAC continuously follows up the Management letter and other reports issued by the supervisory bodies, internal and external auditors to ensure that necessary corrective actions are taken to address any internal control weaknesses, non-compliance with policies, laws and regulations and other problems.</p>
10.2.g	<b>Internal Audit Function</b>	
10.2.g.i	The committee shall establish an independent internal audit function (either in house or outsourced as stipulated in the Finance Business Act (Outsourcing of Business Operations) Direction or as amended that provides an objective assurance to the committee on the quality and effectiveness of the Company's internal control, risk management, governance systems and processes.	<p><b>Complied</b></p> <p>The Company has established an independent Internal Audit Department in-house and additionally employs an outsourced service provider to assist with branch audits. This arrangement ensures the committee receives assurance on the quality and effectiveness of the Company's internal control, risk management, governance systems, and processes.</p>
10.2.g.ii	The internal audit function shall have a clear mandate, be accountable to the BAC, be independent and shall have sufficient expertise and authority within the Company to carry out their assignments effectively and objectively.	<p><b>Complied</b></p> <p>The Manager of Internal Audit reports directly to the BAC. The BAC reviews and ensures that the Internal Audit function possesses sufficient expertise and authority to carry out their assignments independently, effectively, and objectively.</p>
10.2.g.iii	<p>The BAC shall take the following steps with regard to the internal audit function of the Company:</p> <ul style="list-style-type: none"> <li>(i) Review the adequacy of the scope, functions and skills and resources of the internal audit department and ensure the internal audit department has the necessary authority to carry out its work.</li> <li>(ii) Review the internal audit program and results of the internal audit process and, where necessary, ensure appropriate actions are taken on the recommendations of the internal audit.</li> </ul>	<p><b>Complied</b></p> <p>(i) The BAC reviewed and approved the Internal Audit Plan for the Financial Year, ensuring that the scope, functions, skills, and resources of the internal audit department are adequate. They also confirmed that the internal audit department has the necessary authority to perform its duties effectively.</p>

Section	Corporate Governance Principle	Extent of Compliance
	<ul style="list-style-type: none"> <li>(iii) Assess the performance of the head and senior staff members of the internal audit department.</li> <li>(iv) Ensure the internal audit function is independent and activities are performed with impartiality, proficiency and due professional care.</li> <li>(v) Ensure internal audit function carry out periodic review of compliance function and regulatory reporting to regulatory bodies.</li> <li>(vi) Examine the major findings of internal investigations and management's responses thereto.</li> </ul>	<ul style="list-style-type: none"> <li>(ii) The BAC thoroughly reviews the Internal Audit programs and reports, along with management comments, ensuring that management takes appropriate action on the Internal Audit recommendations. Relevant Senior Management personnel are invited to participate in these discussions.</li> <li>(iii) Performance of Manager - Internal Audit is reviewed by the BAC.</li> <li>(iv) The Internal Audit function is an independent function and the audits are performed with impartiality and due professional care. The Internal Audit Department staff reports directly to the Manager – Internal Audit, who in turn reports directly to the BAC.</li> <li>(v) Annual Audit plan included the reviewing of Compliance function and regular reporting to regulatory bodies.</li> <li>(vi) Significant findings of investigations carried out by the Internal Auditors along with the responses of the Management are tabled and discussed at Audit Committee meetings.</li> </ul>
10.2.h	The BAC shall review the statutory examination reports of the Central Bank of Sri Lanka (CBSL) and ensure necessary corrective actions are taken in a timely manner and monitor the progress of implementing the time bound action plan quarterly.	<p><b>Complied</b></p> <p>The BAC reviews the progress of implementing the time-bound action plan from the statutory examination report issued by CBSL during its meetings. The Committee ensures that corrective actions are taken promptly and effectively.</p>
10.2.i	Meetings of the Committee	
10.2.i.i	The BAC shall meet as specified in 10.1 above, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	<p><b>Complied</b></p> <p>The BAC meeting dates were agreed upon by Committee members in advance for the calendar year. Committee Reports are sent out beforehand. The minutes of the meetings are recorded and maintained by the Company Secretary, detailing all matters discussed and the conclusions reached in fulfilling the Committee's duties and responsibilities.</p>
10.2.i.ii	Other Board members, senior management or any other employee may attend meetings upon the invitation of the committee when discussing matters under their purview.	<p><b>Complied</b></p> <p>In addition to the Members of the BAC, Other Board members, senior management or any other employee may attend meetings upon the invitation, when a related matter is taken up for discussion.</p>

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Section	Corporate Governance Principle	Extent of Compliance
10.2.i.iii	BAC shall meet at least twice a year with the external auditors without any other directors/senior management/employees being present.	<p><b>Complied</b></p> <p>Two meetings in October 2024 and March 2025 were held with the External Auditors without the presence of any other Directors, Senior Management or employees.</p>
10.3	<b>Board Integrated Risk Management Committee (BIRMC)</b>	
10.3.a	The BIRMC shall be chaired by an independent director. The Board members appointed to BIRMC shall be non-executive directors with knowledge and experience in banking, finance, risk management issues and practices. The CEO and Chief Risk Officer (CRO) may attend the meetings upon invitation. The BIRMC shall work with senior management closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.	<p><b>Complied</b></p> <p>The Chairman of the Committee is an Independent Non-Executive Director.</p> <p>The Committee consists of three Non-Executive Directors with sufficient knowledge and experience in banking, finance, risk management issues and practices.</p> <p>The CEO, Senior Manager Risk (SMR), and relevant Senior Management personnel attend by invitation.</p> <p>The Committee closely work with Senior Management personnel and makes decisions on behalf of the Board within the Board approved Terms of Reference of the Committee.</p>
10.3.b	The secretary to the committee may preferably be the CRO.	<p><b>Complied</b></p> <p>Senior Manager Risk functions as the Secretary to the Committee.</p>
10.3.c	The committee shall assess the impact of risks, including credit, market, liquidity, operational, strategic, compliance and technology, to the Company at least on once in two months basis through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board.	<p><b>Complied</b></p> <p>Reports on both quantitative and qualitative risks are presented to the Board on once in two months through the BIRMC. These reports include appropriate risk indicators, management information, and recommendations on risk strategies and risk appetites.</p>
10.3.d	Developing Company's risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level and types of risk that a Company will accept, or avoid, in order to achieve its strategic business objectives. The RAS should include quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation and compliance risks as well as money laundering and unethical practices. The RAS should also define the boundaries and business considerations in accordance with which the Company is expected to operate when pursuing business strategy and communicate the risk appetite linking it to daily operational decision making and establishing the means to raise risk issues and strategic concerns throughout the Company.	<p><b>Complied</b></p> <p>Board approved RAS is in place which identifies the risk tolerance limits of the Company.</p>
10.3.e	The BIRMC shall review the Company's risk policies including RAS, at least annually.	<p><b>Complied</b></p> <p>Risk policies including RAS are reviewed by BIRMC on an annual basis.</p>

Section	Corporate Governance Principle	Extent of Compliance
10.3.f	The BIRMC shall review the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	<p><b>Complied</b></p> <p>The Committee reviews the adequacy and effectiveness of Senior Management level committees to address specific risks and manage those risks within quantitative and qualitative risk limits as specified by the committee.</p>
10.3.g	The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans.	<p><b>Complied</b></p> <p>The Committee has reviewed all risk management aspects of the Business Continuity Plan and Disaster Recovery Plan during the year.</p>
10.3.h	BIRMC shall annually assess the performance of the compliance officer and the CRO.	<p><b>Complied</b></p> <p>The Committee assessed the performance of the Compliance Officer and Senior Manager Risk.</p>
10.3.i	<b>Compliance Function</b>	
10.3.i.i	BIRMC shall establish an independent compliance function to assess the Company's compliance with laws, regulations, directions, rules, regulatory guidelines and approved policies on the business operations.	<p><b>Complied</b></p> <p>Independent Compliance function is in place with adequate resources to assess the Compliance with laws, regulations, rules, directions, regulatory guidelines and Board approved policies on the business operations.</p>
10.3.i.ii	For Companies with asset base of more than Rs. 20 billion, a dedicated compliance officer considered to be senior management with sufficient seniority, who is independent from day-to-day management shall carry out the compliance function and report to the BIRMC directly. The compliance officer shall not have management or financial responsibility related to any operational business lines or income-generating functions, and there shall not be 'dual hating', i.e. the chief operating officer, chief financial officer, chief internal auditor, chief risk officer or any other senior management shall not serve as the compliance officer.	<p><b>Complied</b></p> <p>A Senior Management Officer with appropriate seniority has been appointed as the Company's Compliance Officer, who reports directly to the BIRMC and is Independent on day to day management of the company.</p>
10.3.i.iii	For Companies with asset base of less than Rs. 20 billion, an officer with adequate seniority considered to be senior management shall be appointed as compliance officer avoiding any conflict of interest.	<p><b>Not Applicable</b></p>
10.3.i.iv	<p>The BIRMC shall ensure responsibilities of a compliance officer would broadly encompass the following:</p> <ul style="list-style-type: none"> <li>(i) develop and implement policies and procedures designed to eliminate or minimize the risk of breach of regulatory requirements;</li> <li>(ii) ensure compliance policies and procedures are clearly communicated to all levels of the Company to enhance the compliance culture;</li> </ul>	<p><b>Complied</b></p> <ul style="list-style-type: none"> <li>(i) Board approved policies and procedures are in place to eliminate or minimize the risk of breach of regulatory requirements.</li> <li>(ii) Board approved Compliance policy is in place and communicated to all levels of the Company.</li> <li>(iii) Periodic reviews are conducted to assess the level of compliance with regulatory rules and internal compliance standards.</li> </ul>

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Section	Corporate Governance Principle	Extent of Compliance
	<ul style="list-style-type: none"> <li>(iii) ensure reviews are undertaken at appropriate frequencies to assess compliance with regulatory rules and internal compliance standards;</li> <li>(iv) understand and apply new legal and regulatory developments relevant to the business of Company;</li> <li>(v) secure early involvement in the design and structuring of new products and systems, to ensure conformity with the regulatory requirements, internal compliance and ethical standards;</li> <li>(vi) highlight serious or persistent compliance issues and where appropriate, work with the management to ensure that they are rectified within an acceptable time;</li> <li>(vii) maintain regular contact and good working relationship with regulators based upon clear and timely communication and a mutual understanding of the regulators' objectives with highest integrity.</li> </ul>	<ul style="list-style-type: none"> <li>(iv) The Company implements all new legal and regulatory developments that are applicable to its business.</li> <li>(v) Board approved new product policy is available to streamline the process of designing new products and systems in the Company.</li> <li>(vi) Compliance reviews are carried out periodically and work with the management to rectify if serious or persistent compliance issues are identified.</li> <li>(vii) Regular contact and a good working relationship with regulators is maintained.</li> </ul>
<b>10.3.j</b>	<b>Risk Management Function</b>	
<b>10.3.j.i</b>	BIRMC shall establish an independent risk management function responsible for managing risk-taking activities across the Company.	<p><b>Complied</b></p> <p>The Board has appointed an Integrated Risk Management Committee comprising members to the Committee with sufficient finance, banking and regulatory experience. The Committee makes sure to establish an independent risk management function within the approved governance structure where a separate unit of the department is established.</p>
<b>10.3.j.ii</b>	For Companies with asset base of more than Rs.20 bn, it is expected to have a separate risk management department and a dedicated CRO considered to be senior management shall carry out the risk management function and report to the BIRMC periodically.	<p><b>Complied</b></p> <p>A separate risk management department has been established, led by a Senior Manager Risk (SMR) who is a senior manager (KRP) directly reporting to the Chairman to the BIRMC. This department is responsible for carrying out the risk management function and reporting to the BIRMC periodically.</p>
<b>10.3.j.iii</b>	The CRO has the primary responsibility for implementing the Board approved risk management policies and processes including RAS in order to ensure the Company's risk management function is robust and effective to support its strategic objectives and to fulfill broader responsibilities to various stakeholders.	<p><b>Complied</b></p> <p>The SMR has taken steps to implement the Board-approved risk management policies and processes, including RAS, to ensure that the Company's risk management function is robust and effective in supporting the strategic objectives and to fulfill responsibilities to various stakeholders.</p>
<b>10.3.j.iv</b>	<p>The BIRMC shall ensure that the CRO is responsible for developing and implementing a Board approved integrated risk management framework that covers:</p> <ul style="list-style-type: none"> <li>(i) various potential risks and frauds;</li> <li>(ii) possible sources of such risks and frauds;</li> </ul>	<p><b>Complied</b></p>

Section	Corporate Governance Principle	Extent of Compliance
	<p>(iii) mechanism of identifying, assessing, monitoring and reporting of such risks which includes quantitative and qualitative analysis covering stress testing ;</p> <p>(iv) effective measures to control and mitigate risks at prudent levels;</p> <p>(v) relevant officers and committees responsible for such control and mitigation.</p> <p>The framework shall be reviewed and updated at least annually.</p>	<p>The company has a Board approved Integrated Risk Management Policy Framework in addition to policies on Key Risk Indicators with pre-approved risk appetite parameters including but not limited to the credit risk, liquidity risk, operational risk, market risk, IT &amp; Technology and overall enterprise risk management which provide the framework for management and assessment of risk. The assessment of such risk matters including scenario based stress testing, emerging risk matters is presented to the BIRMC periodically along with risk mitigation action plans.</p>
10.3.j.v	The CRO shall also participate in key decision-making processes such as capital and liquidity planning, new product or service development, etc., and make recommendations on risk management.	<p><b>Complied</b></p> <p>The SMR participates in Asset and Liability Committee meetings where capital and liquidity planning takes place and make risk-based recommendations accordingly. Additionally, the SMR reviews new products and services to identify and mitigate potential risks.</p>
10.3.j.vi	The CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis.	<p><b>Complied</b></p> <p>The updated risk register is maintained and submitted it to the BIRMC which will be held on once in two months.</p>
10.3.j.vii	The BIRMC shall submit a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions.	<p><b>Complied</b></p> <p>The minutes of the BIRMC meetings and the Risk Assessment Report are presented at the subsequent Board meeting. During this meeting, the SMR briefs the Board on significant issues raised and decisions made at the BIRMC, seeking the Board's views, concurrence and/or specific directions.</p>
10.4	<b>Nomination Committee</b>	
10.4.a	The committee shall be constituted with non-executive directors and preferably the majority may be independent directors. An independent director shall chair the committee. The CEO may be present at meetings by invitation of the committee.	<p><b>Complied</b></p> <p>The committee is comprised of two Independent Non-Executive Directors and one Non Independent Non-Executive director, with the Chairman of the committee being an Independent Director. The CEO attended the meetings by invitation.</p>
10.4.b	Secretary to the nomination committee may preferably be the company secretary.	<p><b>Complied</b></p> <p>The Company Secretary functions as the Secretary to the Nomination Committee.</p>

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Section	Corporate Governance Principle	Extent of Compliance
10.4.c	The committee shall implement a formal and transparent procedure to select/appoint new directors and senior management. Senior management are to be appointed with the recommendation of CEO, excluding CIA, CRO and compliance officer.	<p><b>Complied</b></p> <p>A transparent procedure is in place for selection and appointment of Directors and Senior Management. Approval is sought from the Nomination Committee prior to seeking approval from the board for new appointments.</p>
10.4.d	The committee shall ensure that directors and senior management are fit and proper persons to perform their functions as per the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	<p><b>Complied</b></p> <p>The committee ensures that directors and senior management are deemed fit and proper persons according to the specified direction. This assessment is conducted for directors at the time of their appointment and annually thereafter, and for senior managers at the time of their appointment.</p>
10.4.e	<p>The selection process shall include reviewing whether the proposed directors</p> <ul style="list-style-type: none"> <li>(i) possess the knowledge, skills, experience, independence and objectivity to fulfill their responsibilities on the board;</li> <li>(ii) have a record of integrity and good repute;</li> <li>(iii) have sufficient time to fully carry out their responsibilities.</li> </ul>	<p><b>Complied</b></p> <p>The criteria set out in this direction are considered at the selection and recommendation process of the proposed Directors.</p>
10.4.f	The committee shall strive to ensure that the Board composition is not dominated by any individual or a small group of individuals in a manner that is detrimental to the interests of the stakeholders and the company as a whole.	<p><b>Complied</b></p> <p>The Committee regularly reviewed and ensured that the Board's composition is not dominated by any individual or group of individuals in a manner that is detrimental to the interests of the stakeholders and the company as a whole.</p>
10.4.g	The committee shall set the criteria, such as qualifications, experience and key attributes required for eligibility, to be considered for appointment to the post of CEO and senior management.	<p>Even though there are no pre set criteria for a particular position at the time of the recruitment the committee in detail considers the criteria such as qualification, experience and other key eligibilities.</p>
10.4.h	<p>Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the company secretary to disclose to shareholders:</p> <ul style="list-style-type: none"> <li>(i) a brief resume of the director;</li> <li>(ii) the nature of the expertise in relevant functional areas;</li> <li>(iii) the names of companies in which the director holds directorships or memberships in Board committees;</li> <li>(iv) whether such director can be considered as independent.</li> </ul>	<p><b>Complied</b></p> <p>Details of new Directors are disclosed to shareholders at the time of their appointment through announcements made to the Colombo Stock Exchange (CSE) and in the Annual Report by the Company Secretary.</p>

Section	Corporate Governance Principle	Extent of Compliance
10.4.i	The committee shall consider and recommend (or not recommend) the reelection of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the Company and contribution made by the director concerned towards the discharge of the Board's overall responsibilities.	<p><b>Complied</b></p> <p>The Committee makes recommendations to the Board regarding the re-election of current directors, taking into account the combined knowledge of the Board, their performance in addressing the Company's strategic demands, and each Director's contribution to fulfilling the Board's overall responsibilities.</p>
10.4.j	The committee shall consider and recommend from time to time, the requirements of additional/new expertise and the succession arrangements for retiring directors and senior management.	<p><b>Complied</b></p> <p>The Committee has approved a succession plan which includes 19 positions at both senior management and AGM level.</p>
10.4.k	A member of the nomination committee shall not participate in decision making relating to own appointment/ reappointment and the Chairperson of the board should not chair the committee when it is dealing with the appointment of the successor.	<p><b>Complied</b></p> <p>Members of the Nomination Committee do not participate in the decision-making process regarding their own appointment or reappointment. No meeting has taken place during the FY to discuss on the appointment of a successor for the chairperson.</p>
10.5	<b>Human Resource and Remuneration Committee</b>	
10.5.a	The committee shall be chaired by a non-executive director and the majority of the members shall consist of non-executive directors.	<p><b>Complied</b></p> <p>The Committee comprises of five Non-Executive Directors and the Chairman is an Independent Non-Executive Director.</p>
10.5.b	The secretary to the human resource and remuneration committee may preferably be the company secretary.	<p><b>Complied</b></p> <p>The Company Secretary functions as the secretary to the Committee.</p>
10.5.c	The committee shall determine the remuneration policy (salaries, allowances, and other financial payments) relating to executive directors and senior management of the Company and fees and allowances structure for non-executive directors.	<p><b>Complied</b></p>
10.5.d	There shall be a formal and transparent procedure in developing the remuneration policy.	<p><b>Complied</b></p> <p>Company has followed transparent procedure in developing the Remuneration Policy .</p>

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Section	Corporate Governance Principle	Extent of Compliance
10.5.e	The committee shall recommend the remuneration policy for approval of the Board on paying salaries, allowances and other financial incentives for all employees of the Company. The policy shall be subject to periodic review of the Board, including when material changes are made.	<p><b>Complied</b></p> <p>The Remuneration Policy is reviewed periodically and recommended by the Committee for the approval of the Board on paying salaries, allowances and other financial incentives for employees of the Company.</p>
10.5.f	The remuneration structure shall be in line with the business strategy, objectives, values, long-term interests and cost structure of the Company. It shall also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not incentivize employees to take excessive risk or to act in self-interest.	<p><b>Complied</b></p> <p>Ensure the remuneration structure supports the company's business strategy and compensate the employees on an equitable basis as far as possible.</p>
10.5.g	The committee shall review the performance of the senior management (excluding chief internal auditor, compliance officer, chief risk officer) against the set targets and goals, which have been approved by the Board at least annually, and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.	<p><b>Complied</b></p> <p>The Committee considers the results of the performance evaluation as an important criteria to decide on the increments, benefits and other payments</p>
10.5.h	The committee shall ensure that the senior management shall abstain from attending committee meetings, when matters relating to them are being discussed.	<p><b>Complied</b></p> <p>The committee adheres to the stated section.</p>
<b>11</b>	<b>INTERNAL CONTROL</b>	
11.1	Company shall adopt well-established internal control systems, which include the organizational structure, segregation of duties, clear management reporting lines and adequate operating procedures in order to mitigate operational risks.	<p><b>Complied</b></p> <p>A well-established internal control system is in place, including a Board-approved organizational structure, segregation of duties, clear management reporting lines, and adequate operating procedures to mitigate operational risks.</p>
11.2	<p>A proper internal control system shall:</p> <ul style="list-style-type: none"> <li>(a) promote effective and efficient operations;</li> <li>(b) provide reliable financial information;</li> <li>(c) safeguard assets;</li> <li>(d) minimize the operating risk of losses from irregularities, fraud and errors;</li> <li>(e) ensure effective risk management systems;</li> <li>(f) ensure compliance with relevant laws, regulations, directions and internal policies.</li> </ul>	<p>A process is in place to ensure the effectiveness of the company's internal control system. Refer the Directors' Statement on Internal Control on page 268.</p> <p>All employees were made accountable and responsible for internal controls as part of their routine functions through the various policies and procedures of the Company.</p>
11.3	All employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.	

Section	Corporate Governance Principle	Extent of Compliance
<b>12</b>	<b>RELATED PARTY TRANSACTIONS</b>	
<b>12.1</b>	<p>Board shall establish a policy and procedures for related party transactions, which covers the following</p> <ul style="list-style-type: none"> <li>(a) Company 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.</li> <li>(b) All related party transactions shall be prior reviewed and recommended by the RPTRC.</li> <li>(c) The business transactions with a related party that are covered in this Direction shall be the following: <ul style="list-style-type: none"> <li>i. Granting accommodation.</li> <li>ii. Creating liabilities to the Company in the form of deposits, borrowings and any other payable.</li> <li>iii. Providing financial or non-financial services to the Company or obtaining those services from the Company.</li> <li>iv. Creating or maintaining reporting lines and information flows between the Company 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.</li> </ul> </li> </ul>	<p><b>Complied</b></p> <p>The Company has established a Related Party Transaction Review Committee consisting of three independent Non Executive Directors. Chairman of the committee is an independent Non Executive Director.</p> <p>A Related Party Transaction Policy is in place for governing the Related Party Transactions.</p>
<b>12.2</b>	<p>The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the Company 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"> <li>a) Directors and senior management.</li> <li>b) Shareholders who directly or indirectly holds more than 10% of the voting rights of the Company.</li> <li>c) Subsidiaries, associates, affiliates, holding company, ultimate parent company and any party (including their subsidiaries, associates and affiliates) that the Company exert control over or vice versa.</li> <li>d) Directors and senior management of legal persons in paragraph (b) or (c).</li> <li>e) Relatives of a natural person described in paragraph (a), (b) or (d).</li> <li>f) Any concern in which any of the Company’s directors, senior management or a relative of any of the Company’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.</li> </ul>	<p><b>Complied</b></p> <p>A related party list is been maintained which is reviewed periodically and updated with new additions (if any)</p>

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Section	Corporate Governance Principle	Extent of Compliance
12.3	<p>The committee shall ensure that the Company 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 Company. For the purpose of this paragraph, “more favorable treatment” shall mean:</p> <ul style="list-style-type: none"> <li>a) Granting of “total accommodation” to a related party, exceeding a prudent percentage of the Company's regulatory capital, as determined by the committee.</li> <li>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.</li> <li>c) Providing preferential treatment, such as favorable terms, that extends beyond the terms granted in the normal course of business with unrelated parties.</li> <li>d) Providing or obtaining services to or from a related party without a proper evaluation procedure; or</li> <li>e) Maintaining reporting lines and information flows between the Company 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.</li> </ul>	<p><b>Complied</b></p> <p>Committee ensure the guidelines of this section are completely followed. A certificate of Adherence is tabled to the Committee on Fixed Deposits rates offered to related parties in comparison to rates offered to non-related parties.</p>
<b>13</b>	<b>GROUP GOVERNANCE</b>	
13.1	Responsibilities of the Company as a Holding Company	<b>Not Applicable</b>
13.2	Responsibilities as a Subsidiary	<b>Not Applicable</b>
<b>14</b>	<b>CORPORATE CULTURE</b>	
14.1	A Company 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.	<p><b>Complied</b></p> <p>The Company has developed a Code of Conduct for its directors and employees, covering the specified areas in this Direction.</p>
14.2	The Company shall maintain records of breaches of code of conduct and address such breaches in a manner that upholds high standards of integrity.	<p><b>Complied</b></p> <p>If a breach of the Code of Conduct is reported, the Company maintains records of such breaches. Disciplinary procedures are implemented, and subsequent actions are taken based on the severity of the incidents.</p>
14.3	A Company 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.	<p><b>Complied</b></p> <p>The Company has a Board-approved Whistleblowing Policy that allows employees to confidentially raise concerns about malpractice within the company. The BAC periodically reviews this policy.</p>

Section	Corporate Governance Principle	Extent of Compliance
<b>15</b>	<b>CONFLICTS OF INTEREST</b> <span style="border: 1px solid black; padding: 0 2px;">GRI 2-15</span>	
<b>15.1.a</b>	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.	<div>Complied</div> <p>A Board approved Conflicts of Interest Policy is in place covering all aspects of this directions and best practices.</p>
<b>15.1.b</b>	<p>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> <ol style="list-style-type: none"> <li>Identify circumstances which constitute or may give rise to conflicts of interests.</li> <li>Express the responsibility of directors and senior management to avoid, to the extent possible, activities that could create conflicts of interest.</li> <li>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.</li> <li>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.</li> <li>Identify those responsible for maintaining updated records on conflicts of interest with related parties, and</li> <li>Articulate how any non-compliance with the policy to be addressed.</li> </ol>	
<b>16</b>	<b>DISCLOSURES</b>	
<b>16.1</b>	<p>The Board shall ensure that:</p> <ol style="list-style-type: none"> <li>annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and</li> <li>such statements are published in the newspapers in Sinhala, Tamil and English.</li> </ol>	<div>Complied</div> <p>Annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards.</p> <p>Further, such statements are published in the newspapers in Sinhala, Tamil and English.</p>

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Section	Corporate Governance Principle	Extent of Compliance
	The Board shall ensure that at least following disclosures are made in the Annual Report of the Company.	
i	<p>Financial Statements</p> <p>In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include,</p> <ul style="list-style-type: none"> <li>◆ 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.</li> <li>◆ A statement of responsibility of the Board in preparation and presentation of financial statements.</li> </ul>	<p><b>Complied</b></p> <p>Compliance with applicable accounting standards and regulatory requirements have been reported under the Annual Report of the Board of Directors on the Affairs of the Company on page 284 and Statement of Directors' Responsibility for Financial Reporting on page 288.</p>
ii	<p>Chairperson, CEO and Board related disclosures</p> <ul style="list-style-type: none"> <li>◆ Name, qualification and a brief profile.</li> <li>◆ Whether executive, non-executive and/or independent director.</li> <li>◆ Details of the director who is serving as the senior director, if any.</li> <li>◆ The nature of expertise in relevant functional areas.</li> <li>◆ Relatives and/or any business transaction relationships with other directors of the company.</li> <li>◆ Names of other companies in which the director/CEO concerned serves as a director and whether in an executive or non-executive capacity.</li> <li>◆ Number/percentage of board meetings of the Company attended during the year; and</li> <li>◆ Names of board committees in which the director serves as the Chairperson or a member.</li> </ul>	<p><b>Complied</b></p> <p>Details of the Directors are given in the Profiles of the Board of Directors on page 28.</p> <p>Details of the Senior Director is stated on page 30.</p> <p>Attendance of Board Meetings and Sub-Committee meetings are given on page 151.</p>
iii	<p>Appraisal of board Performance</p> <ul style="list-style-type: none"> <li>◆ An overview of how the performance evaluations of the Board and its committees have been conducted</li> </ul>	<p><b>Complied</b></p> <p>Details on performance evaluation of Board and Sub-Committees are disclosed in Corporate Governance report on page 144.</p>

Section	Corporate Governance Principle	Extent of Compliance
iv	<b>Remuneration</b> <ul style="list-style-type: none"> <li>◆ 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)</li> <li>◆ The aggregate values of remuneration paid by the Company to its directors and senior management.</li> </ul>	<b>Complied</b> <p>A statement on Remuneration Policy has been disclosed in Board Human Resource and Remuneration Committee Report appeared on page 265 of the Annual report.</p> <p>Aggregate values of remuneration paid for Directors and Senior Management for the Year 2024/2025 - Rs. 36 Mn.</p>
v	<b>Related party transactions</b> <ul style="list-style-type: none"> <li>◆ 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.</li> <li>◆ 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 Company's core capital.</li> <li>◆ The aggregate values of the transactions of the Company with its senior management during the financial year, set out by broad categories such as accommodation granted, and deposits or investments made in the Company.</li> </ul>	<b>Complied</b> <p>Refer the Annual report of the Board of Directors on the Affairs of the Company on page 284.</p>
vi	<b>Board appointed committees</b> <ul style="list-style-type: none"> <li>◆ The details of the chairperson and members of the board committees and attendance at such meetings.</li> </ul>	<b>Complied</b> <p>Details of Chairperson, members and the attendance of the below mentioned Sub-Committees are stated in Attendance Matrix of the Board and Board Sub Committees as follows.</p> <ul style="list-style-type: none"> <li>◆ Board Audit Committee Report – page 260</li> <li>◆ Board Integrated Risk Management Committee Report – pages 262 to 263</li> <li>◆ Board Nomination and Governance Committee Report – page 261</li> <li>◆ Board Human Resource and Remuneration Committee Report – page 265</li> <li>◆ Board Related Party Transaction Review Committee Report – page 266</li> </ul>

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Section	Corporate Governance Principle	Extent of Compliance
vii	<b>Group Structure</b> <ul style="list-style-type: none"> <li>◆ The group structure of the Company within which it operates.</li> <li>◆ The group governance framework.</li> </ul>	<b>Complied</b> Disclosure in the pages 144 to 152 at the Annual Report.
viii	<b>Director's report</b> A report, which shall contain the following declarations by the Board: <ul style="list-style-type: none"> <li>◆ The Company has not engaged in any activity, which contravenes laws and regulations.</li> <li>◆ The directors have declared all related party transactions with the Company and abstained from voting on matters in which they were materially interested.</li> <li>◆ The Company has made all endeavors to ensure the fair treatment for all stakeholders, in particular the depositors.</li> <li>◆ The business is a going concern with supporting assumptions; and</li> <li>◆ The Board has conducted a review of internal controls covering material risks to the Company and have obtained reasonable assurance of their effectiveness.</li> </ul>	<b>Complied</b> Disclosed in the pages 284 to 287 of the 'Annual Report of the Board of Directors on the Affairs of the Company'
ix	<b>Statement on Internal control</b> <ul style="list-style-type: none"> <li>◆ A report by the Board on the Company'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.</li> <li>◆ The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published.</li> <li>◆ A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliances.</li> <li>◆ A statement of the regulatory and supervisory concerns on lapses in the Company's risk management, or non-compliance with the Act, and rules and directions</li> </ul>	<b>Complied</b> Disclosed in the page 286 of the Annual Report.

Section	Corporate Governance Principle	Extent of Compliance
x	<p>Corporate governance report</p> <ul style="list-style-type: none"> <li>◆ 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.</li> </ul>	<p><b>Complied</b></p> <p>The Corporate Governance Report is set out on pages 144 to 249 of the Annual Report of the Company.</p> <p>The Company has obtained an independent assurance report from the External Auditors over compliance with Finance Business Act Direction No. 05 of 2021 on Corporate Governance.</p>
xi	<p>Code of Conduct</p> <ul style="list-style-type: none"> <li>◆ Company's code of business conduct and ethics for directors, senior management and employees.</li> <li>◆ The Chairperson shall certify that the company has no violations of any of the provisions of this code.</li> </ul>	<p><b>Complied</b></p> <p>A Board approved Code of Conduct for Directors and for all employees are in place.</p> <p>The Board is not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by the Company. Refer the Chairman's Statement on page 144 in the Annual Report for details.</p>
xii	<p>Management report</p> <ul style="list-style-type: none"> <li>◆ Industry structure and developments</li> <li>◆ Opportunities and threats</li> <li>◆ Risks and concerns</li> <li>◆ Sustainable finance activities carried out by the company</li> <li>◆ Prospects for the future</li> </ul>	<p><b>Complied</b></p> <p>Refer "Management Discussion and analysis" on page 262 of this Annual Report.</p>
xiii	<p>Communication with shareholders</p> <ul style="list-style-type: none"> <li>◆ The policy and methodology for communication with shareholders.</li> <li>◆ The contact person for such communication.</li> </ul>	<p><b>Complied</b></p> <p>A Board approved Communication Policy is in place which covers all stakeholders including Depositors, Creditors, Shareholders, and Borrowers.</p> <p>The Company Secretary communicates with the shareholders through the Annual Report, Quarterly Reports, and by notices issued to the shareholders.</p>

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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 2025.

Section	Rule No	Corporate Governance Rule	Status of Compliance
9.2 Policies	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	Complied
	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.	Complied Policies are available in <a href="http://www.singerfinance.com">www.singerfinance.com</a>
	9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	Complied Will be provided upon receiving a written request

Section	Rule No	Corporate Governance Rule	Status of Compliance
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
	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	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 269.

## CORPORATE GOVERNANCE

Section	Rule No	Corporate Governance Rule	Status of Compliance
9.5 Policy on matters relating to the Board of Directors	9.5.1	<p>Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall:</p> <ul style="list-style-type: none"> <li>(a) recognize 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.</li> <li>(b) where a Listed Entity decides to combine the role of the Chairperson and CEO, <ul style="list-style-type: none"> <li>(i) set out the rationale for combining such positions; and,</li> <li>(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.</li> </ul> </li> <li>(iii) set out the measures implemented to safeguard the interests of the SID.</li> <li>(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.</li> <li>(d) stipulate the maximum number of Directors with the rationale for the same</li> <li>(e) specify the frequency of Board meetings, having regard to the requirements under the Listing Rules.</li> <li>(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.</li> <li>(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.</li> <li>(h) provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements.</li> <li>(i) specify the maximum number of directorships in Listed Entities that may be held by Directors.</li> <li>(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.</li> </ul>	Complied
	9.5.2	<p>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.</p>	Complied

Section	Rule No	Corporate Governance Rule	Status of Compliance
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	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). Such Market Announcement shall include the following: (a) The reasons for non-compliance (b) The rationale for combining the positions of the Chairperson and CEO	Not Applicable
	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.	A SID has been appointed as the Chairperson is Non Independent
	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

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Section	Rule No	Corporate Governance Rule	Status of Compliance
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. (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. (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. (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. (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. (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. (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. b) Competence and Capability A Director or the CEO of an Entity shall not be considered as 'fit and proper' if she or he;	Complied

Section	Rule No	Corporate Governance Rule	Status of Compliance
		<ul style="list-style-type: none"> <li>(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).</li> <li>(ii) has been declared by a court of competent jurisdiction in Sri Lanka or outside Sri Lanka, to be of unsound mind.</li> </ul>	
		<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> <ul style="list-style-type: none"> <li>(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.</li> <li>(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.</li> <li>(iii) has been in a position capable of exercising significant influence in a company that has: <ul style="list-style-type: none"> <li>(a) been declared bankrupt within or outside of Sri Lanka; or</li> <li>(b) its assets sequestrated for the non-satisfaction of a judgement debt.</li> </ul> </li> </ul>	
	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"> <li>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.</li> <li>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 non-compliance/s.</li> </ul>	Complied

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Section	Rule No	Corporate Governance Rule	Status of Compliance
9.8 Board Composition	9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complied
	9.8.2	Minimum Number of Independent Directors: (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
	9.8.3	Criteria for determining independence: A Director shall not be considered independent if he/she: (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; 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; 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; 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

Section	Rule No	Corporate Governance Rule	Status of Compliance
	9.8.5	<p>The Board of Directors of Listed Entities shall require:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	Complied
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> <p>(a) Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.</p> <p>(b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive of the Listed Entity.</p> <p>(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.</p> <p>(d) The Listed Entity shall make an immediate Market Announcement regarding the appointment of an Alternate Director. Such Market Announcement shall include the following:</p> <ol style="list-style-type: none"> <li>The exceptional circumstances leading to such appointment;</li> <li>The information on the capacity in which such Alternate Director is appointed, i.e., whether as an Executive, Non-Executive or Independent Director;</li> <li>The time period for which he/she is appointed, which shall not exceed one (1) year from the date of appointment; and,</li> <li>A Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.</li> </ol> <p>(e) The attendance of any Alternate Director at any meeting, including a Board Committee Meeting shall be counted for the purpose of quorum.</p>	Not Applicable

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Section	Rule No	Corporate Governance Rule	Status of Compliance
9.10 Disclosures relating to Directors	9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships it's 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.	Complied
	9.10.2	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; 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
	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	Listed Entities shall also disclose the following in relation to the Directors in the Annual Report: (a) name, qualifications and brief profile; (b) the nature of his/her expertise in relevant functional areas; (c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity; (d) whether Executive, Non-Executive and/or independent Director; (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; (f) number of Board meetings of the Listed Entity attended during the year; (g) names of Board Committees in which the Director serves as Chairperson or a member; (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, (i) The terms of reference and powers of the SID	Complied Please refer pages 30 to 33 and 284 to 287.

Section	Rule No	Corporate Governance Rule	Status of Compliance
9.11 Nominations and Governance Committee	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
	9.11.4	<p>Composition</p> <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>	Complied Please refer page 261.
	9.11.5	<p>Functions</p> <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> <p>a) 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,</p> <p>b) the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.</p> <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>	Complied

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Section	Rule No	Corporate Governance Rule	Status of Compliance
		<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> <p>(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.</p>	
	9.11.6	<p>Disclosures in Annual Report</p> <p>The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson.</p> <p>The said report shall include the following;</p> <p>(a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members</p> <p>(b) the date of appointment to the Committee;</p> <p>(c) whether a documented policy and processes are in place when nominating Directors;</p> <p>(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;</p> <p>(e) a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance;</p> <p>(f) Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors.</p> <p>(g) The following information regarding directors who are re-elected or being proposed for re-election during the year:</p> <ul style="list-style-type: none"> <li>• Board Committees served on (as a member or Chairperson),</li> <li>• Date of first appointment as a Director,</li> <li>• Date of last re-appointment as a Director,</li> <li>• Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and,</li> <li>• 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.</li> </ul>	Partially Complied

Section	Rule No	Corporate Governance Rule	Status of Compliance
		<p>(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</p> <p>(i) Processes adopted by the Listed Entity to inform the Independent Directors of major issues relating to the Entity;</p> <p>(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;</p> <p>(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.</p> <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 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	<p>Composition</p> <p>(1) The members of the Remuneration 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) 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>Complied</p> <p>The Committee comprise of Five Non-Executive Directors of which three of them are Independent Non-Executive Directors.</p> <p>Not Applicable</p> <p>Company has a separate Remuneration Committee.</p>

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Section	Rule No	Corporate Governance Rule	Status of Compliance
		(3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	The Committee is chaired by an Independent Director
	9.12.7	<p>Functions</p> <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>	<p><b>Complied</b></p> <p>The Remuneration Committee Report on page 261 contains the functions of the Committee.</p>
	9.12	<p>Disclosure in Annual Report</p> <p>The Annual Report should set out the following:</p> <p>(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);</p> <p>(b) A statement regarding the remuneration policy; and,</p> <p>(c) The aggregate remuneration of the Executive and Non-Executive Directors.</p>	<p><b>Complied</b></p> <p>Please refer page 265.</p>
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.	<p><b>Not Applicable</b></p> <p>A company has two separate committees in operation to perform the audit and risk functions</p>
	9.13.2	The Audit Committee shall have a written term of reference clearly defining its scope, authority and duties.	<b>Complied</b>
	9.13.3	<p>Composition</p> <p>(1) The members of the Audit 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) or a majority of the members, whichever higher, shall be Independent Directors.</p> <p>(b) not comprise of Executive Directors of the Listed Entity.</p> <p>(2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.</p>	<p><b>Complied</b></p> <p>The Committee comprises of three Independent Non-Executive Directors.</p> <p><b>Complied</b></p>

Section	Rule No	Corporate Governance Rule	Status of Compliance
		(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.	Complied
		(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.	Not Applicable Company has its own Audit Committee
		(5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Complied
		(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.	Complied
		(7) The Chairperson of the Audit Committee shall be a Member of a recognized 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
	9.13.4	Functions	
		(1) The functions of the Audit Committee shall include the following:	Complied
		(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:	

## CORPORATE GOVERNANCE

Section	Rule No	Corporate Governance Rule	Status of Compliance
		<ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> <li>(v) Review the internal controls in place to prevent the leakage of material information to unauthorized persons.</li> <li>(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.</li> <li>(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.</li> <li>(viii) Review the risk policies adopted by the Entity on an annual basis.</li> <li>(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.</li> <li>(x) Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors.</li> <li>(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.</li> <li>(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.</li> <li>(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.</li> </ul> <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>	

Section	Rule No	Corporate Governance Rule	Status of Compliance
	9.13.5	<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> <p>(e) whether the Listed Entity has a formal Audit Charter;</p> <p>(f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function;</p> <p>(g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity;</p> <p>(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</p> <p>(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.</p>	Complied
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	<p>Composition</p> <p>(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.</p>	<p>Complied</p> <p>1) The Committee comprises of three Non-Executive Directors of which two of them are Independent Non Executive Directors. An Independent Directors functions as the chairman of the Committee</p>

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Section	Rule No	Corporate Governance Rule	Status of Compliance
		(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.	<div>Not Applicable</div> <p>Company has its own Related Party Transaction Review Committee.</p>
	9.14.3	<p>Functions</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	<div>Complied</div> <p>The RPT Review Committee Report sets out the functions of the Committee.</p>
	9.14.4	<p>General Requirements</p> <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>	<div>Complied</div>

Section	Rule No	Corporate Governance Rule	Status of Compliance
	9.14.5	<p>Review of Related Party Transactions by the Related Party Transactions Review Committee</p> <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> <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>	Partially Complied

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Section	Rule No	Corporate Governance Rule	Status of Compliance
		(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.	
	9.14.6	<p>Shareholder Approval</p> <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>(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>	<p><b>Complied</b></p> <p>No requirement arose for the FY 2024/25</p>

Section	Rule No	Corporate Governance Rule	Status of Compliance
	9.14.7	<p>Disclosures</p> <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>(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>	<p><b>Complied</b></p> <p>No requirement arose for FY 2024/25</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>	<p><b>Complied</b></p> <p>No disclosures for FY 2024/25</p>

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Section	Rule No	Corporate Governance Rule	Status of Compliance
		<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> <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"> <li>◆ The names of the Directors comprising the Committee;</li> <li>◆ 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.</li> <li>◆ The policies and procedures adopted by the Committee for reviewing the Related Party Transactions.</li> </ul> <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. 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"> <li>◆ a transaction between the Listed Entity and a wholly owned subsidiary.</li> <li>◆ a transaction between wholly owned subsidiaries of the Listed Entity.</li> <li>◆ a takeover offer made by the Listed Entity in accordance with Takeovers and Mergers Code 1995 (as amended).</li> </ul>	Not Applicable

Section	Rule No	Corporate Governance Rule	Status of Compliance
		<ul style="list-style-type: none"> <li>◆ 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.</li> </ul> <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> <ul style="list-style-type: none"> <li>(a) the key assumptions, conditions or restrictions that impact the estimate value;</li> <li>(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;</li> <li>(c) the sources of information relied upon for the valuation;</li> <li>(d) the identity of individuals participating in the valuation assignment and their qualifications;</li> <li>(e) statement confirming the independence of the parties participating in the advice;</li> <li>(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.</li> </ul>	Not Applicable
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"> <li>(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;</li> <li>(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;</li> <li>(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;</li> <li>(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.</li> </ul>	Complied  No additional disclosures for FY 2024/25

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### Section C

This section (pages 206-256) outlines the adherence to the 2023 Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Reference – Code of Best Practice	Requirement	Extent of Compliance
<b>A</b>	<b>DIRECTORS</b>	
<b>A.1</b>	<b>The Board</b>  <b>Effective Board, which should direct, Lead and control the Company</b>  Every public Company should be headed by an effective Board, which should direct, Lead and control the Company:	<b>Complied</b>  As of March 31, 2025, the Board consists of eight Directors, seven of whom served in a Non-Executive capacity. These individuals are distinguished professionals with extensive experience across various business sectors, providing leadership and oversight to the company.
<b>A.1.1</b>	<b>Board Meetings</b>  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.	<b>Complied</b>  The Board meets at monthly intervals and convened 14 times during the year under review. A summary of attendance at these meetings can be found on page 151.
<b>A.1.2</b>	<b>Responsibilities of the Board</b>  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:  Formulation and implementation of a sound business strategy;	<b>Complied</b>  The Board provides strategic direction for the development of short, medium, and long-term strategies and effectively monitors their implementation. A strategic plan covering the three years has been developed and approved by the Board.
	Appointing the chair and the senior independent directors if relevant;	<b>Complied</b>  Mr. Saman Herath, Independent Non-Executive Director functions as the Senior Independent Director as the Chairman is not an Independent Non-Executive Director.
	Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy;	<b>Complied</b>  Board Human Resource and Remuneration Committee ensures that the CEO and the Key Management Personnel (KMP) have the required skills, experience and knowledge to implement the strategy.
	The adoption of an effective CEO and Key Management Personnel succession strategy;	<b>Complied</b>  A succession plan for key management personnel is in place.

Reference – Code of Best Practice	Requirement	Extent of Compliance
	Approving budgets and major capital expenditure;	<p><b>Complied</b></p> <p>Budgets and major capital expenditure are reviewed and approved by the Board</p>
	Determining the matters expressly reserved to the board and those delegated to the management including limits of authority and financial delegation;	<p><b>Complied</b></p> <p>The Board has delegated its authority to Sub Committees to oversee specific responsibilities under pre-agreed terms of reference. Operational responsibilities have been assigned to Senior Management, led by the CEO, within preapproved limits.</p>
	An effective system to secure integrity of information, internal controls, business continuity and risk management;	<p><b>Complied</b></p> <p>The Board reviews effectiveness of integrity of information, internal control, business continuity and risk management system on a continuous basis through the Audit Committee and Integrated Risk Management Committee.</p>
	Availability of information communication technology (ICT) roadmap in line with business strategy;	<p><b>Complied</b></p> <p>IT strategy developed in line with the business strategy is in place.</p>
	Compliance with laws, regulations and ethical standards;	<p><b>Complied</b></p> <p>Compliance function is in place to assess the Company's compliance with laws, regulations, internal controls and ethical standards.</p>
	All stakeholder interests are considered in corporate decisions;	<p><b>Complied</b></p> <p>The Board is mindful about the all stakeholder interests and corporate values of the company when corporate decisions are made.</p>
	Sustainable business development and integrated reporting ;	<p><b>Complied</b></p> <p>The corporate strategy, decisions, and activities are aligned with sustainable business development, recognizing ESG risks and opportunities. The company has adopted an integrated reporting framework to effectively disclose its value creation.</p>
	Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations;	<p><b>Complied</b></p> <p>The Financial Statements are prepared in accordance with Sri Lanka Accounting Standards (LKAS/SLFRS) and the formats prescribed by Supervisory Regulatory Authorities. The Audit Committee reviews these statements to ensure the quality and integrity of the financial information prepared by the Finance Department. Their reviews, comments, and recommendations are then submitted to the Board for final review and approval.</p>

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Reference – Code of Best Practice	Requirement	Extent of Compliance
	A process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks;	<p><b>Complied</b></p> <p>The CEO regularly meets with Key Management Personnel (KMPs) and other key officers to monitor progress on strategy implementation, budgets, plans, and related risks. On monthly basis, variance analyses are performed to mitigate the strategic risk.</p>
	A process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the company;	<p><b>Complied</b></p> <p>Financial reports are prepared on a monthly basis and circulated to the Board for their review and necessary actions. Additionally, quarterly, bi-annual, and annual financial statements are prepared and published in accordance with CSE and CBSL regulations.</p>
	Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned;	<p><b>Complied</b></p> <p>The Board is dedicated to performing any additional functions required by the business environment.</p>
A.1.3	<p><b>Compliance with laws and seeking independent professional advice</b></p> <p>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>	<p><b>Complied</b></p> <p>The Board collectively and Directors individually, recognize their duty to comply with laws of the country. A Board approved policy is in place for the directors to seek independent professional advice at the company's expenses as and when required.</p>
A.1.4	<p><b>Access to the advice and services of the Company Secretary</b></p> <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>	<p><b>Complied</b></p> <p>All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is not employed in another capacity that may conflict with the same. The decision to remove the Company Secretary is made by the Board as a whole.</p> <p>Coverage for Directors' and Officers' liability insurance is in place</p>
A.1.5	<p><b>Independent Judgment of Directors</b></p> <p>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.</p>	<p><b>Complied</b></p> <p>All Directors are responsible for bringing independent judgment on matters relating to the board including strategy, performance, resource allocation, risk management, compliance and standards of business conduct.</p>

Reference – Code of Best Practice	Requirement	Extent of Compliance
A.1.6	<b>Dedication of adequate time and effort by the Board</b>  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.	<b>Complied</b>  Every Director has dedicated adequate time and effort to the meetings of the Board and Sub-committee meetings to ensure that the duties and responsibilities are satisfactory discharged. Agenda, draft minutes and Board paper are sent in advance, allowing Directors sufficient time to review materials, request additional information or clarification and discuss follow-up matters at the next Board meeting.
A.1.7	<b>Call for Resolution</b>  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.	<b>Complied</b>  If necessary, in the best interest of the Company, one-third of the Directors can call for a resolution to be presented to the Board. However, necessity did not arise during the year.
A.1.8	<b>Training for Directors</b>  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.  A Director must recognize 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.  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.	<b>Complied</b>  Every Director was given appropriate induction when first appointed to the Board regarding general aspects of directorship and matters specific to the industry/company, including the affairs of the Company and laws and regulations applicable to the Company. The Board regularly reviews and agrees on the training and development needs of the Directors to effectively discharge their duties. The management arranges comprehensive knowledge-sharing sessions through external experts to update the knowledge for such agreed training. Due consideration is given by the newly appointed Directors to the responsibilities of the role, ability to commit time, any existing or potential conflict of interest, and required competencies.
A.2	<b>Chairman and Chief Executive Officer (CEO)</b>  <b>Separation of the roles and responsibilities of the Chairman and CEO to ensure a balance power and authority, such that no one individual has unfettered powers of decision</b>  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.	<b>Complied</b>  The roles of Chairman and CEO have been separated, establishing a clear division of responsibilities between the two positions. This separation ensures a balance of power and authority, preventing any single individual from having unfettered powers of decision.

## CORPORATE GOVERNANCE

Reference – Code of Best Practice	Requirement	Extent of Compliance
A.2.1	<b>Justification to combine the posts of Chairman and Chief Executive Officer</b>  A Decision to combine the posts of Chairman and CEO in one person should be justified and highlighted in the Annual Report.	Not Applicable
A.3/A.3.1	<b>Role of the Chairman</b>  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.  The Chairman should conduct Board proceedings in a proper manner and ensure, inter-alia, that: <ul style="list-style-type: none"> <li>◆ The agenda for board meetings is developed in consultation with the CEO, directors and the company secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance.</li> <li>◆ Sufficiently detailed information of matters included in the agenda is provided to Directors in a timely manner.</li> <li>◆ All directors are made aware of their duties and responsibilities and the board and committee structures through which it will operate in discharging its responsibilities.</li> <li>◆ 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.</li> <li>◆ 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.</li> <li>◆ A balance of power between Executive and Non-Executive Directors is maintained.</li> <li>◆ The views of Directors on issues under consideration are ascertained and a record of such deliberations reflected in the minutes.</li> <li>◆ The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders</li> </ul>	<b>Complied</b>  The Chairman leads the Board, ensuring its effective operation and fulfillment of responsibilities, while making sure that all significant and relevant issues are discussed promptly and efficiently.  The Secretary to the Board, under the Chairman's delegated authority, prepares the agenda and circulates it before the Board Meeting, considering matters related to strategy, performance, resource allocation, risk management, and compliance.  Board papers containing sufficient information on matters to be discussed are distributed in advance of the meeting.  All directors are aware of their duties and responsibilities, as well as the board and committee structures through which they will operate to fulfill their responsibilities.  Directors are encouraged to actively participate in Board affairs within their respective capacities for the benefit of the company.  A balance of power between Executive and Non-Executive Directors is maintained.  The views of the Directors on issues under consideration are gathered and recorded in the minutes.  Additionally, the Board maintains complete control over the company's affairs and remains mindful of their obligations to all shareholders and other stakeholders.
A.4	<b>Financial acumen and knowledge</b>  The Board should ensure the availability within it, of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	<b>Complied</b>  The Board has an adequate number of Directors who have sufficient financial acumen and knowledge to offer guidance on matters of finance.

Reference – Code of Best Practice	Requirement	Extent of Compliance
A.5	<b>Board Balance</b>  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.	<b>Complied</b>  The Board maintains the required balance of Executive and Non-Executive Directors that no individual or small group of individuals can dominate its decision making.
A.5.1/A.5.2	<b>Balance of Executive and Non-Executive Directors in the Board</b>  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.  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.  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'.	<b>Complied</b>  The Board has a strong representation of Non-Executive Directors with substantial expertise. It comprises one Executive Director and seven Non-Executive Directors, four of whom are also independent. With the majority of the Board being Non-Executive Directors, their perspectives and opinions significantly influence the Board's decisions.
A.5.3/A.5.4	<b>Evaluating the independence of Directors</b>  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.  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.	<b>Complied</b>  The Board evaluates the independence yearly using annual declarations submitted by the Directors. This process ensures whether such Directors are independent of the management and free of any business or other relationship that could interfere with the exercise of their unfettered and independent judgment.

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Reference – Code of Best Practice	Requirement	Extent of Compliance
A.5.5	<p><b>Determination of the Independence and Non-Independence of each Non-Executive Director annually</b></p> <p>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'.</p>	<p><b>Complied</b></p> <p>The Board determines the Independence and Non-Independence of the Non-Executive Directors based on the declarations submitted by them, as to their independence is a fair representation.</p>
A.5.6	<p><b>Appointment of Alternate Director</b></p> <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>	<p>No Alternate Directors were appointed during the year.</p>
A.5.7	<p><b>Appointment of Senior Independent Non-Executive Director (SID)</b></p> <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>	<p><b>Complied</b></p> <p>Independent Non-Executive Director, Mr. Saman Herath, serves as the Senior Independent Director since the Chairman of the Board is a Non-Independent Non-Executive Director, as disclosed on page 161 of this Annual Report. The Senior Independent Director provides guidance to the Chairman on matters of governance for the company. To facilitate this process, he met Once with the non-executive directors and once with the Independent Non executive directors during the year to discuss and communicate governance-related matters. The outcomes of these discussions are communicated to the Chairman.</p>

Reference – Code of Best Practice	Requirement	Extent of Compliance
A.5.8	<p><b>Availability of SID for confidential discussion with other Directors</b></p> <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>	<p><b>Complied</b></p> <p>The SID makes himself available for confidential discussions with other Directors who may have concerns which they believed have not been properly considered by the Board as a whole. Also, the SID participates in all meetings with majority, significant and minority shareholders as and when necessary. However, no such incidents were occurred during the year.</p>
A.5.9	<p><b>Meetings held by the Chairman with Non-Executive Directors, without the Executive Directors being present</b></p> <p>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>	<p><b>Complied</b></p> <p>The Chairman held two meetings with Non-Executive Directors, without the Executive Director being present.</p>
A.5.10	<p><b>Recording of concerns of Directors in Board minutes where they cannot be unanimously resolved</b></p> <p>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>	<p>There were no instances where the Directors could not unanimously resolve matters and accordingly no such matters were recorded in the minutes.</p>
A.6	<p><b>Supply of Information</b></p> <p><b>Provision of appropriate and timely information</b></p> <p>The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.</p>	<p><b>Complied</b></p> <p>The Company provides timely and appropriate information to the Board enabling them to discharge their duties.</p>
A.6.1	<p><b>Obligation of the Management to provide appropriate and timely information to the Board</b></p> <p>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>	<p><b>Complied</b></p> <p>Timely and adequate information is provided by Management to the Board which is circulated to the Directors in advance for regular meetings.</p> <p>The Management also provides additional information as and when required by the Board members.</p> <p>The Chairman ensures that all Directors are properly briefed on matters arising at the Board</p>
A.6.2	<p><b>Adequate Notice for Board Meetings</b></p> <p>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>	<p><b>Complied</b></p> <p>The minutes, agenda and papers required for Board meetings are provided in advance to facilitate its effective conduct.</p>

## CORPORATE GOVERNANCE

Reference – Code of Best Practice	Requirement	Extent of Compliance
A.7	<b>Appointments to the Board</b>  Board should establish a formal and transparent procedure for the appointment of new Directors to the Board.	<b>Complied</b>  The Board has established a formal and transparent procedure for the appointment of new Directors to the Board.
A.7.1	<b>Nomination Committee</b>  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.	<b>Complied</b>  The Board Nomination and Governance Committee (BNGC) recommends all new Board appointments. This Committee was established in compliance with the requirements of this code, and its Terms of Reference (TOR) are reviewed and approved by the Board. The Committee consists of three Non-Executive Directors, two of whom are independent. The Chairperson of the Committee is the Senior Independent Director. Details about the composition and activities of the BNGC during the year are discussed in the Board Nomination and Governance Committee report on page 261 of the Annual Report.
A.7.2	<b>Assessment of Board composition by the Nomination Committee</b>  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.	<b>Complied</b>  A process is in place to annually assess the existing Board composition against pre-defined criteria of skills, diversity and knowledge to ensure that the combined knowledge and experience of the board matches the strategic demands facing the company. The committee should also consider diversity on the Board taking into account gender, age and any other factors that are relevant to the finance 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. Members of the nomination committee not participated in decision making relating to their own appointment/reappointment and the chairman of the board not chaired the committee when it is dealing with the appointment of his/her successor.
A.7.3	<b>Succession Plan</b>  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.	<b>Complied</b>  Board approved succession plan is in place for CEO and all Key Management Personnel. Necessary training and development requirements are identified for successors.

Reference – Code of Best Practice	Requirement	Extent of Compliance
A.7.4	<b>Disclosure requirements when appointing of new Directors to the Board</b>  Upon the appointment of a new Director to the Board, the Company should forthwith disclose to shareholders: <ul style="list-style-type: none"> <li>- a brief résumé of the Director;</li> <li>- the nature of his expertise in relevant functional areas;</li> <li>- the names of companies in which the Director holds directorships or memberships in Board Committees; and whether such a Director can be considered 'independent'.</li> </ul>	<b>Complied</b>  Information about new Directors is communicated to shareholders at the time of their appointment through announcements made to the CSE and is also included in the Annual Report with the required details.
A.8	<b>Re-election of Directors</b>  All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.	<b>Complied</b>  All Directors are required to submit themselves for re-election at regular intervals in line with Articles of Association of the Company.
A.8.1	<b>Appointment and re-election of Non-Executive Directors</b>  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.	<b>Complied</b>  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	<b>Re-election of Chairman and other Directors</b>  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.	<b>Complied</b>  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	<b>Resignation</b>  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.	<b>Complied</b>  At the resignation the Director should submit a written communication to the board of his reasons for resignation in the event of resigning prior to completion of his appointed term. However, there were no such resignations during the year.
A.9	<b>Appraisal of Board Performance</b>  Boards should periodically appraise their own performance in order to ensure that Board Responsibilities are satisfactorily discharged.	<b>Complied</b>  The Board has appraised their own performance through annual self-evaluation process in order to ensure that Board responsibilities are satisfactorily discharged.

## CORPORATE GOVERNANCE

Reference – Code of Best Practice	Requirement	Extent of Compliance
A.9.1-A.9.4	<p><b>Periodic appraisal of Board's performance to ensure that their responsibilities are effectively discharged</b></p> <p>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.</p> <p>The Board should also undertake an annual self-evaluation of its own performance, that of its Committees, Chairman, Non-Executive Directors and Executive Directors.</p> <p>The board should have a process to review the participation, contribution and engagement of each director at the time of re-election.</p> <p>The board should state how such performance evaluations have been conducted, in the annual report.</p>	<p><b>Complied</b></p> <p>The Company has adopted a scheme of self-assessment to be undertaken by each Director annually and filed with the Company Secretary.</p> <p>Performance evaluation process is detailed on page 265 of this Annual Report</p>
A.10	<p><b>Disclosure of Information in respect of Directors</b></p> <p>Shareholders should be kept advised of relevant details in respect of Directors.</p>	<p><b>Complied</b></p> <p>Shareholders are kept informed about the relevant details in respect of Directors.</p>
A.10.1	<p><b>Disclosure of information on Directors in the Annual Report</b></p> <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"> <li>name, qualifications and brief profile;</li> <li>the nature of his/her expertise in relevant functional areas;</li> <li>immediate family and/or material business relationships with other Directors of the Company;</li> <li>whether Executive, Non-Executive and/or independent Director;</li> <li>names of listed companies in Sri Lanka in which the Director concerned serves as a Director;</li> <li>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;</li> <li>number/percentage of Board meetings of the Company attended during the year;</li> <li>the total number of Board seats held by each Director indicating listed and unlisted Companies and whether in an executive or non-executive capacity;</li> <li>names of Board Committees in which the Director serves as Chairman or a member; and</li> <li>number/percentage of committee meetings attended during the year.</li> </ul>	<p><b>Complied</b></p> <p>Information pertaining to Directors is disclosed in the following sections of this Annual Report.</p> <p>Name, qualifications, expertise, material business interests and brief profiles on pages 30 to 33.</p> <p>Related party transactions are given in Note 40 to the Financial Statements on page 369.</p> <p>Membership of Sub-Committees and attendance at Board Meetings on page 151.</p>

Reference – Code of Best Practice	Requirement	Extent of Compliance
A.11	<b>Appraisal of Chief Executive Officer</b>  The Board should be required, at least annually, to assess the performance of the CEO.	<b>Complied</b>  The Board assess the performance of CEO at least annually.
A.11.1/A.11.2	<b>Targets for CEO at the commencement of each financial year and performance evaluation</b>  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.  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.	<b>Complied</b>  CEO's performance targets are aligned with business strategies of the Company. Financial and non-financial targets are set at the beginning of every financial year by the Board which is in line with the short- medium- and long-term objectives of the Company. At the end of each financial year the Board evaluates the set targets and the actual performance.
<b>B</b>	<b>DIRECTORS' REMUNERATION</b> <b>GRI 2-19, GRI 2-20</b>	
B.1	<b>Remuneration Procedure</b>  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	<b>Complied</b>  The Company established a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Directors involved in deciding his/her own remuneration.
B.2	<b>Remuneration Committee</b>  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.	<b>Complied</b>  The remuneration levels for both Executive and Non-Executive Directors are adequate to attract and retain the necessary talent to run the company successfully. Proportion of the Executive Director's remuneration is designed to link rewards to corporate and individual performance, ensuring a balanced consideration of short, medium, and long-term performance outcomes.
B.2.1	<b>Setting up of Remuneration Committee</b>  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.	<b>Complied</b>  The Board has established Human Resource and 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.

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Reference – Code of Best Practice	Requirement	Extent of Compliance
B.2.2	<b>Composition of Remuneration Committee</b>  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.	<b>Complied</b>  Remuneration committee consists of 5 Non-Executive Directors of whom 3 are independent in accordance with the code. An Independent Non-Executive Director has been appointed as the Chairman of the committee by the Board.
B.2.3	<b>Consultation to Remuneration Committee</b>  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.	<b>Complied</b>  The Committee consults the Chairman and CEO when recommending the remuneration of Executive Directors and Senior Management. Further, the committee has the access to professional advice from within and outside the Company, when deemed necessary.
B.2.4	<b>Remuneration packages to attract, retain and motivate CEO, Executive Directors and Senior Management</b>  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.	<b>Complied</b>  A process is in place to offer packages that attract, retain and motivate CEO and Senior Management. The Remuneration Committee reviews the information relating to competitors of the Company and due care is taken to ensure that remuneration is on par with industry standards and the relative performance.
B.2.5	<b>Linking Executive Directors remuneration to Short, Medium and Long term performance of the Company</b>  Executive Directors' remuneration should be designed to promote the short medium and long-term performance of the company.	<b>Complied</b>  CEO's remuneration is designed to link rewards to corporate and individual performance, ensuring a balanced consideration of short, medium, and long-term performance of the company.
B.2.6	<b>Remuneration packages in line with industry practices</b>  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.	<b>Complied</b>  The Remuneration Committee reviews the information relating to comparable competitors of the Company and due care is taken to ensure that remuneration is on par with industry standards and the relative performance. The committee is mindful of the risk that they can result in an increase of remuneration with no corresponding improvements in performance.
B.2.7	<b>Remuneration packages in line with other companies in the Group</b>  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.	<b>Complied</b>  The Remuneration Committee takes into consideration and is sensitive about the conditions of the Group when determining annual salary increases.

Reference – Code of Best Practice	Requirement	Extent of Compliance
B.2.8	<p><b>Performance-related payments to MD/CEO and Executive Directors</b></p> <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><b>Complied</b></p> <p>A transparent, stretching and rigorously applied performance-related elements of remuneration is available for CEO with the objective of providing appropriate incentives to perform at the highest level.</p> <p>The Committee annually reviews the performance of CEO against the set targets approved by the Board.</p> <p>Further, the Committee ensures that the fair and transparent procedure recommended by the Board are followed when evaluating the performance of Senior Management.</p>
B.2.9	<p><b>Executive Share Option</b></p> <p>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>	<p><b>Not Applicable</b></p>
B.2.10	<p><b>Designing schemes of performance related remuneration</b></p> <p>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>	<p><b>Complied</b></p> <p>In deciding the remuneration of the CEO and Senior Management, the Company takes note of the provisions set out in Schedule G of this code.</p>

## CORPORATE GOVERNANCE

Reference – Code of Best Practice	Requirement	Extent of Compliance
B.2.11 / B.2.12	<p><b>Early termination of service of Directors</b></p> <p>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.</p> <p>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.</p>	<p><b>Complied</b></p> <p>The Remuneration Committee will consider the guidelines outlined in sections B.2.11 and B.2.12. However, no such requirements arose during the year under review.</p>
B.2.13/B.2.14	<p><b>Remuneration of Non-Executive Directors</b></p> <p>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.</p> <p>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).</p>	<p><b>Complied</b></p> <p>Non-Executive Directors of the Company, including members of the Remuneration Committee, receive fees that reflect their time commitment, role responsibilities, and prevailing market practices, which are periodically reviewed.</p> <p>The Company has not provided any Share Option plans to either to Executive or Non-Executive Directors.</p>
B.2.15	<p><b>Chairman and Members of the Remuneration Committee</b></p> <p>The Chairman and Members of the Remuneration Committee should be listed in the Annual Report each year.</p>	<p><b>Complied</b></p> <p>Details of the Chairman and members of the Committee are disclosed in the report of the Board Human Resource and Remuneration Committee on page 265 of this Annual Report.</p>
B.3	<p><b>Disclosure of Remuneration</b></p> <p>The Company's Annual Report should contain a Statement of Remuneration Policy and details of Remuneration of the Board as a whole.</p>	<p><b>Complied</b></p> <p>Annual Report of the Company contains a statement of Remuneration Policy and details of remuneration of the Board as a whole.</p>

Reference – Code of Best Practice	Requirement	Extent of Compliance
B.3.1	<p><b>Disclosure about the Remuneration committee, Remuneration Policy and aggregate remuneration paid</b></p> <p>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.</p>	<p><b>Complied</b></p> <p>Report of the Board Human Resource and Remuneration Committee is given on page 265 which sets out the details on the composition, scope, number of meetings held by the committee and the remuneration policy.</p> <p>The aggregate remuneration paid to the Executive and Non-Executive Directors are disclosed in page 370.</p>
B.3.2	<p><b>Aggregate remuneration paid to Senior Management</b></p>	<p><b>Complied</b></p> <p>The aggregate remuneration paid to the Senior Management who directly reports to CEO are disclosed in page 370.</p>
<b>C</b>	<b>RELATIONS WITH SHAREHOLDERS</b>	
C.1	<p><b>Constructive use of the AGM &amp; Other General Meetings</b></p> <p>Boards should use the AGM to communicate with shareholders and should encourage their participation.</p>	<p><b>Complied</b></p> <p>The Company uses AGM to communicate with Shareholders and encourages their participation.</p>
C.1.1	<p><b>Notice for the AGM to the Shareholders</b></p> <p>Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting.</p>	<p><b>Complied</b></p> <p>Notice of the AGM, Form of Proxy and a request form for a copy of the Annual Report are sent to all shareholders at least 15 working days prior to the meeting in accordance with the provisions of the Companies Act of 2007, CSE Rules and the Articles of Association of the Company.</p>
C.1.2	<p><b>Separate resolutions for each substantially separate issue</b></p> <p>Companies should propose a separate resolution at the AGM on each substantially separate issue and should in particular propose a resolution at the AGM relating to the adoption of the report and accounts. For each resolution proxy appointment form should provide shareholders with the option to direct their proxy to vote either for or against the resolution or withhold their vote.</p>	<p><b>Complied</b></p> <p>Separate resolutions are placed at the AGM on each substantially separate issue.</p> <p>A separate resolution is placed for the adoption of company's Annual Report and Accounts during the AGM.</p> <p>Forms of Proxy allow shareholders the option to direct their proxy holder to vote for or against each resolution or to withhold their vote on any matter.</p>

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Reference – Code of Best Practice	Requirement	Extent of Compliance
C.1.3	<p><b>Properly recording and counting of proxy votes</b></p> <p>The company should ensure that all valid proxy appointments received for general meetings are properly recorded and counted. For each resolution where a vote has been taken on a show of hands, the company should ensure that the following information is given at the meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the company.</p> <ul style="list-style-type: none"> <li>◆ The number of shares in respect of which proxy appointments have been validly made;</li> <li>◆ The number of votes for the resolution;</li> <li>◆ The number of votes against the resolution; and</li> <li>◆ The number of shares in respect of which the vote was directed to be withheld.</li> </ul> <p>When, in the opinion of the board, a significant proportion of votes have been cast against a resolution at any general meeting, the board should take steps to understand the reasons behind the vote results and determine if any actions are required.</p>	<p><b>Complied</b></p> <p>All proxy votes lodged, together with the votes of shareholders present at the AGM are considered for each resolution. The company ensures compliance with the requirements outlined in section C.1.3 of this code.</p>
C.1.4	<p><b>Board subcommittee Chairman's available at AGM</b></p> <p>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.</p>	<p><b>Complied</b></p> <p>Chairpersons of the other Board Sub-committees are present at the AGM to answer all queries that may be raised.</p>
C.1.5	<p><b>Summary of procedures governing voting at general meetings to be circulated</b></p> <p>Companies should circulate, along with every Notice of General Meetings, a summary of the procedures governing voting at General Meetings.</p>	<p><b>Complied</b></p> <p>Notice of Annual General Meeting and proxy form provides instructions for shareholders about voting procedures.</p>
C.2	<p><b>Communication with shareholders</b></p> <p>The Board should implement effective communication with shareholders.</p>	<p><b>Complied</b></p> <p>The Board has implemented processes for effective communication with shareholders.</p>

Reference – Code of Best Practice	Requirement	Extent of Compliance
C.2.1	<b>Channel to reach all shareholders to disseminate timely information</b>  There should be a channel to reach all shareholders of the Company in order to disseminate timely information.	<b>Complied</b>  The primary methods of communication between the Company and its shareholders are the Annual Report and the AGM.  Information is provided to shareholders before the AGM, allowing them the opportunity to raise any issues related to the Company's business, either verbally or in writing, prior to the AGM.  The Company uses the following channels to disseminate timely information: <ol style="list-style-type: none"> <li>1) Shareholder meetings</li> <li>2) Financial and other notices as required through the Colombo Stock Exchange</li> <li>3) Corporate website</li> <li>4) Press notices</li> </ol>
C.2.2	<b>Policy and methodology of communicating</b>  The Company should disclose the policy and methodology for communication with Shareholders.	<b>Complied</b>  Please refer the Board Communication Policy on page 269.
C.2.3	<b>Implementation of the communication policy and methodology</b>  The Company should disclose how they implement the above policy and methodology.	<b>Complied</b>  Printed copies of Annual Report are provided to shareholders up on request or could be downloaded from the CSE website.
C.2.4	<b>Disclosure of the contact person as per communication policy</b>  The Company should disclose the contact person for such communication.	<b>Complied</b>  The nominated person for shareholders to contact is the Company Secretary.
C.2.5	<b>Awareness of Directors on major issues and concerns of shareholders</b>  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.	<b>Complied</b>  Process to make all Directors aware on major issues and concerns of shareholders has been established through the Corporate Communication Policy.  The Company Secretary will keep a record of all received correspondence and promptly deliver it to the Board or the relevant Director(s). The Board or the individual Director(s) will then prepare an appropriate response to all valid shareholder correspondence and instruct the Company Secretary to send the response to the respective shareholder.

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Reference – Code of Best Practice	Requirement	Extent of Compliance
C.2.6	<p><b>Contact person for shareholders in relation to shareholders' matters</b></p> <p>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>	<p><b>Complied</b></p> <p>Company Secretary can be contacted for any queries of shareholders.</p>
C.2.7	<p><b>Process for responding to shareholders</b></p> <p>The process of responding to shareholder matters should be formulated by the Board and disclosed.</p>	<p><b>Complied</b></p> <p>Process has been formulated through a Board approved Policy to respond matters relating to shareholders.</p>
C.3	<p><b>Major and Material Transactions</b></p> <p>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> <p>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> <p>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>	<p><b>Not Applicable</b></p> <p>There were no major transactions in FY 2024/25 necessitating disclosure of this nature.</p>

Reference – Code of Best Practice	Requirement	Extent of Compliance
<b>D</b>	<b>ACCOUNTABILITY AND AUDIT</b>	
<b>D.1.</b>	<b>Financial and Business Reporting</b>  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.	<b>Complied</b>  The Annual Report of the Company contains the audited Financial Statements together with comprehensive disclosures on the financial position, performance, business model, risk management, governance, internal controls and prospects of the Company.
<b>D.1.1</b>	<b>Presenting true, fair, balanced and understandable Annual Report with financial statements in conformity with relevant laws and regulations</b>  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.	<b>Complied</b>  The Financial Statements of the Company have been prepared in accordance with the revised Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) set by the Institute of Chartered Accountants of Sri Lanka and are in compliance with the requirements of the Companies Act No. 07 of 2007, Finance Business Act No.42 of 2011 and the directions and guidelines issued under the said Finance Business Act and the Listing Rules of the Colombo Stock Exchange ensuring they are true, fair, balanced, and understandable.
<b>D.1.2</b>	<b>Present interim and other price sensitive public reports and mandated reports to regulators by statute</b>  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.	<b>Complied</b>  The Board recognizes its responsibility to present regulatory and statutory reports, including interim and other price-sensitive public reports, as well as reports to regulators and information required by statutory mandates, in a balanced and understandable manner. This commitment is confirmed in the Statement of Directors' Responsibility on page 288.
<b>D.1.3</b>	<b>Chief Executive Officer's and Chief Financial Officer's Declaration on Financial Statements</b>  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.	<b>Complied</b>  The Board obtained declarations from CEO and CFO that Company's interim and annual financial statements are prepared in conformity with applicable accounting standards, relevant laws and regulations and gives true and fair view of the financial position and performance, risk management and effectiveness of the internal controls.

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Reference – Code of Best Practice	Requirement	Extent of Compliance
D.1.4	<p><b>Declarations by Directors in the Directors' Report</b></p> <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"> <li>◆ The Company has not engaged in any activity which contravenes laws and regulations;</li> <li>◆ The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;</li> <li>◆ The Company has made all endeavours to ensure the equitable treatment of shareholders;</li> <li>◆ The directors have complied with best practices of Corporate Governance;</li> <li>◆ Property, plant and equipment is reflected at fair value, where it is different from fair value adequate disclosures are made;</li> <li>◆ 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</li> <li>◆ The business is a going concern, with supporting assumptions or qualifications as necessary;</li> </ul> <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><b>Complied</b></p> <p>Annual Report of the Board of Directors on the affairs of the Company is given on pages 284 to 287 covering all areas of this section.</p>
D.1.5	<p><b>Statements by Directors and Auditors on Responsibility for Financial Reporting</b></p> <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><b>Complied</b></p> <p>The 'Statement of Directors' Responsibilities' is given on page 288, and 'Independent Auditor's Report' is given on page 289.</p>

Reference – Code of Best Practice	Requirement	Extent of Compliance
D.1.6	<b>Management Discussion and Analysis</b> <p>The Annual Report should contain a “Management Discussion &amp; Analysis”, discussing, among other issues:</p> <ul style="list-style-type: none"> <li>♦ business model;</li> <li>♦ industry structure and developments;</li> <li>♦ opportunities and threats;</li> <li>♦ risks and concerns;</li> <li>♦ internal control systems and their adequacy;</li> <li>♦ corporate and enterprise governance;</li> <li>♦ stakeholder relationships;</li> <li>♦ social and environmental governance activities carried out by the Company;</li> <li>♦ financial performance;</li> <li>♦ investment in physical and intellectual capital;</li> <li>♦ human resource management carried out by the company; and</li> <li>♦ prospects for the future.</li> </ul>	<p><b>Complied</b></p> <p>Please refer ‘Management Discussion and Analysis’ on pages 65 to 133.</p>
D.1.7	<b>Serious loss of Net Assets</b> <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><b>Not Applicable</b></p> <p>The probability of such an event occurring is highly unlikely. Nonetheless, in the event that such a situation does arise, an Extraordinary General Meeting (EGM) will be promptly scheduled, and shareholders will receive timely notifications regarding the meeting.</p>

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Reference – Code of Best Practice	Requirement	Extent of Compliance
D.1.8	<p><b>Disclosure of Related Party Transactions</b></p> <p>The Board Should adequately and accurately disclose the related party transactions in its Annual Report:</p> <ul style="list-style-type: none"> <li>◆ 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;</li> <li>◆ It should be the responsibility of the Company Secretary to keep a record on related party transactions and make necessary disclosures accordingly;</li> <li>◆ 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;</li> <li>◆ A record /register either in hard or soft form on related party and related party transactions should be maintained by the Company;</li> </ul> <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><b>Complied</b></p> <p>All related party transactions as defined in Sri Lanka Accounting Standard –24 (LKAS 24) on 'Related Party Transactions' are disclosed in Note 40 to the Financial Statements on page 367 to 373.</p> <p>The Company maintains a comprehensive record of related parties and related party transactions.</p> <p>Company Secretary is responsible to keep a record on related party transactions and make necessary disclosures accordingly.</p>
D.2	<p><b>Risk Management and Internal Control</b></p> <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><b>Complied</b></p> <p>The Board has delegated the authority for risk management and maintaining a sound system of internal control to the Audit Committee and to the Intergrated Risk Management (IRMC) Committee. These committees review the processes to ensure the protection of shareholders' investments and the Company's assets.</p>
D.2.1	<p><b>Risk Management Framework</b></p> <p>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.</p>	<p><b>Complied</b></p> <p>Board approved risk management framework is in place to identify, assess, monitor and managing the risks with clear accountabilities to ensure the achievement of strategic, operational and financial objectives of the Company.</p>

Reference – Code of Best Practice	Requirement	Extent of Compliance
D.2.1.1	<b>Robust assessment of principal risks</b>  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.	<b>Complied</b>  A fully fledged risk management department which reports to the Board through BIRMC is established by the company. Senior Manager-Risk periodically carries out robust risk assessment of the principal risks facing by the company which may impact company's business model, future performance, solvency and liquidity.
D.2.1.2	<b>Disclosure of Risk Management Framework in Annual report</b>  The Board should describe the risk management framework, processes, responsibilities and explain in the annual report how they are being managed or mitigated.	<b>Complied</b>  The risk management framework, processes and responsibilities are disclosed in the Report of the Board Integrated Risk Management Committee Report on pages 262 to 263 of this annual report.
D.2.1.3	<b>Establishment of Risk Management Committee</b>  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.	<b>Complied</b>  The Board has established Board Integrated Risk Management Committee to oversee the risk management function and a Board approved TOR is in place to govern the committee functions.
D.2.1.4	<b>Separate Risk Committee</b>  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.	<b>Complied</b>  The Company has two separate Board subcommittees for Audit and Risk functions.
D.2.1.5	<b>Composition of the BIRMC</b>  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.  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.	<b>Complied</b>  The committee comprises of 3 Non-Executive Directors, all of whom are independent.  The Chairman of the committee is an Independent Non-Executive Director.
D.2.1.6	<b>TOR of the BIRMC</b>  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.	<b>Complied</b>  A Board-approved Terms of Reference (TOR) is in place, which clearly defines the authority and duties of the BIRMC. The TOR outlines, at a minimum, how the committee will assist the Board in overseeing risk management.

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Reference – Code of Best Practice	Requirement	Extent of Compliance
D.2.1.7 /D.2.1.8	<p><b>Report of the BIRMC</b></p> <p>The Annual Report should contain a report of the risk committee, setting out its role and how it discharged its responsibilities.</p> <p>Companies in regulated industries should consider applicable laws and regulations in determining the composition, scope, roles and responsibilities of the risk committee.</p>	<p><b>Complied</b></p> <p>Refer the Report of the Board Integrated Risk Management Committee on pages 262 to 263 of this annual report.</p>
D.2.2	<p><b>Design of the internal control system</b></p> <p>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.</p>	<p><b>Complied</b></p> <p>The board has set up a process to ensure that the internal controls are designed, implemented and monitored, to provide reasonable assurance on reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations.</p>
D.2.2.1-D.2.2.3	<p><b>Effectiveness of the internal control system</b></p> <p>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.</p> <p>Company should have an internal audit function.</p> <p>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.</p>	<p><b>Complied</b></p> <p>A process has been setup to provide reasonable assurance on reliability of internal controls over financial reporting, operational and compliance system, processes and practices.</p> <p>A fully fledged internal audit department is in place to ensure the effectiveness of governance, internal control and risk management practices of the company.</p> <p>The Board Audit Committee annually reviews the effectiveness of internal controls and risk management process through internal audit department to ensure effective discharge of their duties.</p> <p>Refer the "Directors Statement on Internal Control" on page 267 of this annual report for more details.</p>
D.3	<p><b>Audit Committee</b></p> <p>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.</p>	<p><b>Complied</b></p> <p>The Board established 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.</p>

Reference – Code of Best Practice	Requirement	Extent of Compliance
D.3.1	<b>Composition of the Audit Committee</b>  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.	<b>Complied</b>  The Board Audit Committee comprises of three Non-Executive Directors, all of whom are independent.  The Chairman of the committee is an Independent Non-Executive Director.  Details of the Audit Committee is mentioned in the 'Audit Committee Report' on page 260 of this Annual Report.
D.3.2	<b>The Terms of Reference of the Committee</b>  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:  The Committee's purpose- which, at minimum, must be to: <ul style="list-style-type: none"> <li>◆ Assist Board oversight of the:               <ul style="list-style-type: none"> <li>◆ preparation, presentation and adequacy of disclosures in the financial statements, in accordance with the Sri Lanka Accounting Standards;</li> <li>◆ compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements;</li> <li>◆ process to ensure that the Company's internal controls and risk management procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards;</li> </ul> </li> <li>◆ Assessing the :               <ul style="list-style-type: none"> <li>◆ company's ability to continue as a going concern in the foreseeable future;;</li> <li>◆ performance of the Company's internal audit function;</li> <li>◆ process to identify, monitor and manage significant business/ financial risk and</li> <li>◆ independence and performance of the company's external audit.</li> </ul> </li> </ul>	<b>Complied</b>  The Board approved TOR is in place which covered the minimum requirements stipulated in this code.

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Reference – Code of Best Practice	Requirement	Extent of Compliance
	<p>The duties and responsibilities of the Audit Committee-should at a minimum include those set out below:</p> <ul style="list-style-type: none"> <li>◆ 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;</li> <li>◆ Develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;</li> <li>◆ Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Sri Lankan professional and regulatory requirements;</li> <li>◆ Discuss the audit plan, key audit issues, their resolution and management responses;</li> <li>◆ Review the Company's annual audited financial statements and quarterly financial statements with management and the Auditor to ensure compliance with the Sri Lanka Accounting Standards and other relevant laws and regulations;</li> <li>◆ Ensure that the company adopts accounting policies and practices that are in compliance with Sri Lanka accounting standards and that any changes are reviewed;</li> <li>◆ Review significant financial reporting judgments ;</li> <li>◆ Assess the Company's ability to continue as a going concern in the foreseeable future;</li> <li>◆ Ensure that regulatory compliance reports are obtained from management and reviewed;</li> </ul>	

Reference – Code of Best Practice	Requirement	Extent of Compliance
	<ul style="list-style-type: none"> <li>Review the company's earnings press releases and financial information and earnings guidance provided to analysts and rating agencies;</li> <li>Discuss policies and practices with respect to risk assessment and risk management;</li> <li>Review the company's internal financial 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;</li> <li>Ensure that a process of sound system of internal control is in place;</li> <li>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;</li> <li>Ensure that an effective internal audit function is in place and monitor and review the internal audit activities;</li> <li>Meet separately and periodically with management, the auditors and internal auditors;</li> <li>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;</li> <li>Assure confidentiality to whistle-blowing employees;</li> <li>Set clear hiring policies for employees or former employees of the Auditors; and</li> <li>Report regularly to the Board of Directors.</li> </ul>	
D.3.3	<p><b>Disclosures made in the Annual Report about Board Audit Committee</b></p> <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"> <li>The names of Directors (persons in the Parent Company's Committee in the case of a Group Company) comprising the Audit Committee;</li> <li>The number of meetings held and attendance of each director;</li> <li>The scope of work and how its roles and responsibilities were discharged;</li> <li>The significant issues that the committee considered in relation to the financial statements, and how these issues were addressed;</li> </ul>	<p><b>Complied</b></p> <p>Refer the Board Audit Committee Report given on page 260 of the Annual Report</p>

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Reference – Code of Best Practice	Requirement	Extent of Compliance
	<ul style="list-style-type: none"> <li>An explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length;</li> <li>If the external auditor provides non-audit services, an explanation of how auditor objectivity and independence are safeguarded; and</li> <li>The Committee should also determine the independence of the Auditors and should disclose the basis of such determination in the Annual Report.</li> </ul> <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>	
D.4	<b>Risk committee</b> <p>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.</p>	<b>Complied</b> <p>The Board has established a procedure for risk management including how they determine, risk culture, risk appetite, risk identification and classification, rating and management of risk.</p>
D.4.1	<b>Composition of BIRMC</b> <p>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>	<b>Complied</b> <p>Board has established BIRMC which comprises of 3 Non-Executive Directors, all of whom are Independent. The Chairperson of the committee is an Independent Non-Executive Director. CEO, CFO and Senior Manager - Risk are invited to attend BIRMC meetings</p>
D.4.2	<b>The terms of reference of the Committee</b> <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"> <li>Defining, articulating and communicating the Risk culture of the entity,</li> <li>Determining the Risk appetite of the entity,</li> <li>Ensuring that a Risk Management framework, processes, practices, key risk indicators (KRI) and responsibilities are clearly defined and monitored,</li> <li>Reviewing the Risk Management outcomes, impacts, implications and mitigation actions on a regular basis,</li> <li>Receiving and reviewing reports from management on new and emerging risks, sources of risk and control and mitigation measures,</li> <li>Overseeing the entity's insurance programme and ensure that it is sufficient and robust,</li> </ul>	<b>Complied</b> <p>The Board approved TOR is in place which covers the minimum requirements stipulated in this code.</p>

Reference – Code of Best Practice	Requirement	Extent of Compliance
	<ul style="list-style-type: none"> <li>Ensuring that the entity has installed effective information system security measures and backup procedures, and these are tested periodically,</li> <li>Ensuring that there is a process to monitor ESG risks,</li> <li>Ensuring that the entity has a robust disaster recovery plan which is tested periodically,</li> <li>Providing regular reports to the Board of Directors, and</li> <li>Reviewing at least annually, the risk management framework, processes and practices and responsibilities.</li> </ul> <p>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.</p>	
D.4.3	<b>BIRMC Meetings</b> <p>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.</p>	<b>Complied</b> <p>BIRMC met 5 times during the Financial Year. Senior Manager Risk functions as the secretary of the BIRMC</p>
D.4.4	<b>Seeking External Professional Advice</b> <p>The committee should have authority to seek external professional advice if required in connection with the performance of its duties.</p>	<b>Complied</b> <p>The committee sought external professional advice as and when required.</p>
D.4.5	<b>Disclosures made in the Annual Report about BIRMC</b> <p>The Annual Report should contain a report of the Risk Committee, setting out its role and how it discharged its responsibilities.</p>	<b>Complied</b> <p>Refer the Board Integrated Risk Management Committee report given on pages 262 to 263 of the Annual Report</p>
D.5	<b>Related Party Transactions Review Committee</b> <p>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.</p>	<b>Complied</b> <p>A Board approved policy and procedure are in place to ensure that the company does not engage in transactions with related parties in a manner that would grant "more favourable treatment" to such parties.</p>
D.5.1	<b>Related Parties and Related Party Transactions</b> <p>A related party and related party transactions will be as defined in LKAS 24 and reproduced under section D.1.8 of this code.</p>	<b>Complied</b> <p>All related party transactions as defined in Sri Lanka Accounting Standard –24 (LKAS 24) on 'Related Party Transactions' are disclosed in Note 40 to the Financial Statements on page 367 to 373.</p>

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Reference – Code of Best Practice	Requirement	Extent of Compliance
D.5.2	<p><b>Composition of BRPTRC</b></p> <p>The Board should establish a Related Party Transactions (RPT) review committee consisting exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be independent. Executive Directors may attend by invitation. The Chairman should be an Independent Non-Executive Director appointed by the board.</p> <p>RPT Review Committee shall meet at least once a calendar quarter.</p>	<p><b>Complied</b></p> <p>Board has established BRPTRC which comprises of 3 Non-Executive Directors, all of whom are independent. The Chairperson of the committee is an Independent Non-Executive Director.</p> <p>CEO is invited to attend BRPTRC meetings where necessary.</p> <p>The committee met 4 times during the financial year.</p>
D.5.3	<p><b>The TOR of the Committee</b></p> <p>RPT review committee should have written Terms of Reference dealing clearly with its authority and duties which should be approved by the Board of Directors. The RPT review committee's written Terms of Reference must address:</p> <ul style="list-style-type: none"> <li>◆ A procedure for documenting related parties and related party transactions in accordance with the definitions in LKAS 24 and the CSE listing rules.</li> <li>◆ A procedure to obtain a statement from each related party: <ul style="list-style-type: none"> <li>◆ 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.</li> <li>◆ If such party is an entity as defined in LKAS 24 as a related party details of transactions and balances with such party / parties.</li> </ul> </li> </ul> <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>	<p><b>Complied</b></p> <p>The Board approved TOR is in place which covers the minimum requirements stipulated in this code.</p> <p>The Committee responsibilities and activities performed during the period are given in BRPTRC report on page 266.</p>

Reference – Code of Best Practice	Requirement	Extent 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"> <li>◆ A procedure to inform all related parties of what constitutes exempted related party transactions.</li> <li>◆ 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.</li> <li>◆ A policy and procedure to delegate dealing with recurrent related party transactions (as defined in the CSE listing rules) to relevant management personnel.</li> <li>◆ A procedure for the RPT review committee to review and recommend to the Board matters relating to such transactions.</li> <li>◆ Any interested Directors should not participate at the meeting at which the transaction relating to him/her is discussed unless invited to seek clarification/information.</li> <li>◆ A procedure and definition of disclosures required to be made by the company on an annual basis, those requiring immediate disclosure and those requiring shareholder approval.</li> <li>◆ A procedure to identify related party transactions which require immediate disclosure as per the CSE listing rules and to ensure that required disclosures are made by the company to the CSE in accordance with CSE listing rules.</li> <li>◆ A procedure to identify related party transactions which require shareholder approval by special resolution at an extra-ordinary general meeting.</li> <li>◆ The company secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals and minutes.</li> <li>◆ Review and recommend to the Board the related party disclosures to be made in the Annual Report of the company.</li> </ul>	

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Reference – Code of Best Practice	Requirement	Extent of Compliance
D.6	<b>Code of Business Conduct &amp; Ethics</b>  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.	<b>Complied</b>  The Board has adopted a Code of Business Conduct and Ethics for Directors, KMPs and other Employees including but not limited to dealing with shares of the company, compliance with listing rules, bribery and corruption, confidentiality, reporting of any illegal, fraudulent and unethical behaviors.
D.6.1	<b>Code of Business Conducts/Whistleblowing policy/Anti-bribery and corruption policy (ABC)</b>  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: <ul style="list-style-type: none"> <li>◆ conflict of interest;</li> <li>◆ bribery and corruption;</li> <li>◆ entertainment and gifts;</li> <li>◆ accurate accounting and record keeping;</li> <li>◆ fair and transparent procurement practices;</li> <li>◆ corporate opportunities;</li> <li>◆ confidentiality;</li> <li>◆ fair dealing;</li> <li>◆ protection and proper use of Company assets including information assets;</li> <li>◆ sexual harassment, discrimination and abuse;</li> <li>◆ compliance with laws, rules and regulations (including insider trading laws); and</li> <li>◆ encouraging the reporting of any illegal or unethical behaviour.</li> </ul>	<b>Complied</b>  The Board approved policies on Code of Conduct, Whistleblowing and Anti Bribery and Corruption are in place covering major areas specified in the code.
D.6.2	<b>Reporting of material and price sensitive information</b>  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.	<b>Complied</b>  A process in place to ensure that material and price sensitive information is promptly identified and reported to CSE.

Reference – Code of Best Practice	Requirement	Extent of Compliance
D.6.3	<b>Policy on trading of shares by Directors, KRPs and Employees</b>  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.	<b>Complied</b>  A Board approved Policy on Trading in the Entity's Listed Securities is in place to govern the process for monitoring and disclosure of shares traded by Directors, KRPs or any other employee involved in financial reporting.
D.6.4	<b>Whistle-blowing arrangements</b>  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.	<b>Complied</b>  A Board approved whistle-blowing policy is in place to establish a procedure to deal with complaints received from employees, customers, suppliers or any other parties in relation to non-compliance with company's code of business conduct and ethics.
D.6.5	<b>Training on Code of Conducts</b>  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.	<b>Complied</b>  All new employees are provided with a comprehensive training on the Code of conduct of the company. Periodic confirmations on awareness and compliance on company's code of conduct are obtained from Senior Managers.
D.6.6	<b>Dissemination of the policy</b>  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.	<b>Complied</b>  A process is in place to report to the Board on regular basis about the dissemination of the policy among the staff in all 3 languages, training arrangements, violation/ non-compliances with respective action taken.  No any waivers or exceptions are allowed in deviating code of business conduct and ethics.
D.6.7	<b>Chairman's confirmation on implementing Code of Conduct and Ethics</b>  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.	<b>Complied</b>  Refer the Chairman's Statement in the Annual Report for details.
D.7	<b>Corporate Governance Disclosures</b>  Directors should disclose the extent to which the Company adheres to established principles and practices of good Corporate Governance.	<b>Complied</b>  The Board has disclosed the extent of compliance with good corporate governance principles and practices.
D.7.1	<b>Disclosure of Corporate Governance Compliance</b>  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.	<b>Complied</b>  The requirement is met with the presentation of this Corporate Governance Report from pages 206 to 249.

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Reference – Code of Best Practice	Requirement	Extent of Compliance
<b>SECTION II</b>	<b>SHAREHOLDERS</b>	
<b>E</b>	<b>INSTITUTIONAL INVESTORS</b>	
<b>E.1</b>	<b>Shareholder voting</b> 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.	<b>Complied</b> Institutional shareholders who invested directly in shares of the company are encouraged to perform adequate analysis on governance arrangements, Board structure, composition in addition to the other financial factors. All investors are encouraged to ensure their voting intentions are translated into practice.
<b>E.1.1</b>	<b>Regular and structured dialogues with shareholders</b> 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.	<b>Complied</b> The Annual General Meeting is the forum utilised by the Board to have an effective dialogue with shareholders. All shareholders are encouraged to participate and vote at the AGM.
<b>E.2</b>	<b>Evaluation of Governance Disclosure</b> 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.	<b>Complied</b> Institutional investors are encouraged to give due weight to all relevant factors in Board structure and composition when evaluating governance arrangements.
<b>F</b>	<b>OTHER INVESTORS</b>	
<b>F.1</b>	<b>Investing/Divesting Decisions</b> 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.	<b>Complied</b> Individual shareholders investing directly in the Company are encouraged to carry out adequate analysis in investing or divesting decisions.
<b>F.2</b>	<b>Shareholder voting</b> Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	<b>Complied</b> Individual shareholders are encouraged to participate at Annual General Meeting and exercise their voting rights.

Reference – Code of Best Practice	Requirement	Extent of Compliance
<b>SECTION III</b>	<b>OTHER MATTERS</b>	
<b>G</b>	<b>INTERNET OF THINGS &amp; CYBERSECURITY</b>	
<b>G.1</b>	<p><b>Identify connectivity and related cyber risks</b></p> <p>The Board should have a process to identify how in the organization's business model, IT devices within and outside the organization can connect to the organization's network to send and receive information and the consequent 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><b>Complied</b></p> <p>A process is in place to identify how in the organization's business model, IT devices within and outside the organization can connect to the organization's network to send and receive information and the consequent cyber security risks that may affect the business. This process is handled by IT division of the immediate parent company.</p> <p>Board receives 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>
<b>G.2</b>	<p><b>Appoint a CISO and allocate budget to implement a cybersecurity policy</b></p> <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><b>Partially Complied</b></p> <p>AGM-IT functions as the Information Security Officer</p> <p>The Company has developed an Information Security Management Framework.</p>
<b>G.3</b>	<p><b>Include cyber risk management on Board agenda</b></p> <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> <p>Potential cyber security risks in the company's business model</p> <p>CISO's security strategy and status of the current projects</p> <p>Compliance with the cyber security risk management process and incident reports</p> <p>Findings and recommendations from independent reviewers</p>	<p><b>Partially Complied</b></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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Reference – Code of Best Practice	Requirement	Extent of Compliance
G.4	<p><b>Obtain periodic assurance to review effectiveness of Cybersecurity Risk Management</b></p> <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><b>Complied</b></p> <p>Security assessments have been carried out and in the process of taking corrective actions.</p>
G.5	<p><b>Disclosures in Annual Report</b></p> <p>The Board should disclose in the annual report, the process to identify and manage cyber security risks.</p>	<p><b>Complied</b></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.</p>
H	<b>SUSTAINABILITY : ESG RISK AND OPPORTUNITIES</b>	
H.1	<p><b>ESG risk and opportunities</b></p> <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><b>Complied</b></p> <p>The company has integrated sustainability/ESG risk opportunities into its business model and strategy.</p>
H.1.1	<p><b>Impact of ESG risks and opportunities</b></p> <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><b>Partially Complied.</b></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>
H.2	<p><b>Views of Stakeholders</b></p> <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><b>Complied</b></p> <p>The company engages regularly with its stakeholders to understand and manage sustainability/ESG risks and opportunities effectively.</p>

Reference – Code of Best Practice	Requirement	Extent of Compliance
H.2.1	<b>Process to recognize significant stakeholders</b>  The company should have a process to recognize significant stakeholders and material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence.	<b>Complied</b>  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.
H.3	<b>Governance Framework</b>  The company should establish a governance framework and structure which includes conformance, performance and sustainability/ESG factors.	<b>Complied</b>  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	<b>Sustainability Factors</b>  Sustainability factors should be addressed through a process of environmental governance and social governance.	<b>Complied</b>  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	<b>Environmental Governance</b>  Environmental governance of an organization 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:  Health and safety, Climate change, pollution prevention, effluent treatment, sustainable resource use, restoration of natural resources, renewable energy, and bio diversity,	<b>Complied</b>  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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Reference – Code of Best Practice	Requirement	Extent of Compliance
H.3.1.2	<p><b>Social Governance</b></p> <p>Social governance of an organization 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 organization's business model in relation to aspects material to its sustainable growth.</p> <p>The organization 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 organization 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 organization's business model and customer experience.</p>	<p><b>Complied</b></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 organization should encompass all policies and practices in relation to work performed by or on behalf of the organization 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 organization should have policies and procedures to ensure that suppliers and outsourced providers comply with social governance norms of the company.</p>	
H.4	<p><b>Establishment of a governance structure to support ESG factors</b></p> <p>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>	<p><b>Complied</b></p> <p>Process of managing risks in line with ESG aspects is discussed in the Risk management report.</p>
H.4.1	<p><b>Recognition of Key resources/Capital</b></p> <p>The company should recognize 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>	<p><b>Complied</b></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>

Reference – Code of Best Practice	Requirement	Extent of Compliance
H.4.2	<b>Process in ascertaining, assessing and managing ESG factors</b>  The company should have a process to ascertain, assess and manage sustainability/ESG factors which have an impact on the sustainability of the company.	<b>Complied</b>  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.
H.4.3	<b>Establishment of financial and non-financial measures</b>  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.	<b>Complied</b>  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.
H.5	<b>Disclose ESG risks and opportunities</b>  The company's Annual Report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, managed, measured and reported.	<b>Complied</b>  The company's Annual Report provides detailed information on how ESG risks and opportunities are identified, managed, measured, and reported. This includes disclosures on ESG strategy, performance metrics, risk assessments, and initiatives.
H.5.1	<b>ESG Reporting</b>  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: <ul style="list-style-type: none"> <li>◆ Access to financial capital</li> <li>◆ Cost savings and productivity</li> <li>◆ Brand value and reputation</li> <li>◆ Employee recruitment</li> <li>◆ Employee retention</li> <li>◆ Access to markets</li> <li>◆ License to operate</li> <li>◆ Market capitalization</li> </ul>	<b>Complied</b>  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:  <b>ESG Integration:</b> By fostering an inclusive, equitable, and sustainable workplace, the company enhances employee satisfaction and loyalty.  <b>Outcomes:</b> This leads to lower turnover rates and the retention of skilled employees, which in turn maintains organizational continuity and stability.  <b>Access to Markets:</b>  <b>ESG Integration:</b> The company's commitment to ESG factors can open up new markets where customers prioritize sustainability and ethical practices.  <b>Outcomes:</b> This allows the company to expand its customer base and market share in regions and sectors where ESG practices are highly valued.  <b>License to Operate:</b>  <b>ESG Integration:</b> Strong ESG practices support the company's compliance with regulatory requirements and community standards, ensuring continued approval to operate.  <b>Outcomes:</b> This helps avoid legal and reputational risks, as well as disruptions to business operations.

## CORPORATE GOVERNANCE

Reference – Code of Best Practice	Requirement	Extent of Compliance
		<p>Market Capitalization:</p> <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> <p>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.</p>
H.5.2	<p>Companies should provide information in relation to:</p> <p>The relevance of environmental, social and governance factors to their business models and strategy.</p> <p>How 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.</p> <p>How risks and opportunities pertaining to sustainability/ESG are recognized, managed, measured and reported.</p>	<p><b>Complied</b></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 recognized, managed, and reported.</p>
H.5.3	<p>The disclosures should deal with how the company has complied with the mandatory and voluntary codes of corporate governance and how its leadership structure, organizational culture, code of conduct and business model supports sustainability of the company in the short, medium and long term.</p>	<p><b>Complied</b></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> <p>Integrated Reporting Framework</p> <p>The Global Reporting Initiative Guidelines</p>	<p><b>Complied</b></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>

Reference – Code of Best Practice	Requirement	Extent of Compliance
<b>I</b>	<b>SPECIAL CONSIDERATIONS FOR LISTED ENTITIES</b>	
<b>I.1</b>	<b>Establishment and maintenance of policies and other requirements</b>  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.	<b>Complied</b>  Company has established and are maintaining policies relating to its governance and are disclosing the details relating to the implementation of such policies in the company's website.
<b>I.1.1</b>	<b>Establishment of policies</b>  Policies relating to following areas are essential:  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	
<b>I.1.2</b>	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.	<b>Not Applicable</b>
<b>I.1.3</b>	<b>Listed entities shall disclose in its Annual report:</b>  (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.	<b>Complied</b>
<b>I.1.4</b>	Listed entities shall make available all such policies to shareholders upon a written request being made for any such policy.	<b>Complied</b>  Upon receipt of a written request ,the company is in a position to provide the copy/ies of the policy/ies to shareholders. Company makes arrangement to provide all such policies to shareholders upon a written request being made for any such policy.
<b>I.2</b>	<b>Policy on Matters Relating to the Board of Directors</b>  Listed entities shall establish and maintain a formal policy governing matters relating to the Board of Directors.	<b>Complied</b>

## CORPORATE GOVERNANCE

Reference – Code of Best Practice	Requirement	Extent of Compliance
I.2.1	<p><b>Policy governing matters relating to Board of Directors shall:</b></p> <ul style="list-style-type: none"> <li>(a) recognize 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.</li> <li>(b) Where a listed entity decides to combine the role of the Chairperson and CEO, <ul style="list-style-type: none"> <li>(i) Set out the rationale for combining such positions; and</li> <li>(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.</li> <li>(iii) Set out the measures implemented to safeguard the interests of the SID.</li> </ul> </li> <li>(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.</li> <li>(d) Stipulate the maximum number of Directors with the rationale for the same.</li> <li>(e) Specify the frequency of Board Meetings, having regard to the requirements under the listing rules.</li> <li>(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.</li> <li>(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.</li> </ul>	Complied

Reference – Code of Best Practice	Requirement	Extent of Compliance
	<p>(h) Provide requirements relating to trading in securities of the listed entity and its listed group companies and disclosure of such requirements.</p> <p>(i) Specify the maximum number of directorships in listed entities that may be held by directors.</p> <p>(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> <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>	

# RISK MANAGEMENT



## Introduction

Risk management is the bedrock of Singer Finance (Lanka) PLC's operations, serving as a critical enabler for navigating the intricate and ever-evolving financial landscape while safeguarding stakeholder value. The fiscal year 2024/25 was characterized by a confluence of global and local challenges, including economic volatility, geopolitical uncertainties, stringent regulatory shifts, and the growing prominence of sustainability concerns. These complexities tested the resilience of financial institutions worldwide, and Singer Finance was no exception. However, through our robust risk management framework, underpinned by a deeply ingrained risk culture, resilient governance structures, and proactive strategies, we successfully addressed these challenges while seizing emerging opportunities. This chapter provides an exhaustive exploration of Singer Finance's risk management approach, detailing our risk horizon, macroeconomic context, integrated risk management strategies, risk culture, governance framework, strategic responses to diverse risk types, PESTEL analysis, future outlook, and alignment with global trends. Our unwavering commitment to sustainable, risk-adjusted growth underscores our role as a responsible corporate citizen dedicated to delivering long-term value.

## Risk Horizon

The fiscal year 2024/25 presented a multifaceted risk landscape shaped by persistent global and local headwinds. Globally, geopolitical tensions, trade disruptions and fluctuating commodity prices created uncertainty, while locally, Sri Lanka grappled with the lingering effects of a severe economic crisis. Despite signs of recovery, such as a 5.4% year-on-year GDP growth in Q4 2024 and easing inflation, many challenges are expected to persist in the near to medium term. At "Singer Finance, we maintain a vigilant stance, continuously monitoring external developments to identify and address risks and opportunities proactively. Our risk horizon is defined by a forward-looking approach that anticipates potential disruptions while positioning us to capitalize on favorable market conditions.

Our commitment to delivering and safeguarding stakeholder value is reflected in our prudent capital allocation strategies, which prioritize opportunities that yield sustainable, risk-adjusted growth and returns. Effective risk management is at the core of our financing operations, enabling us to uphold industry-leading standards. This is achieved through a strong risk culture that permeates all levels of the organization, robust governance

mechanisms that ensure accountability, and a comprehensive enterprise-wide risk management framework that integrates best practices. Our risk management practices, including balance sheet oversight, internal controls, compliance and governance have demonstrated resilience under the stress of recent crises, such as economic shocks and regulatory changes. Moreover, our enhanced focus on sustainability has allowed us to proactively address emerging risks related to diversity, equity, climate change, and broader environmental, social and governance (ESG) concerns, reinforcing our dedication to responsible corporate citizenship.

## Macroeconomic Environment

Sri Lanka's macroeconomic environment in FY 2024/25 was marked by significant challenges and gradual recovery. The country faced a severe economic crisis in recent years characterized by political instability, GDP contraction, currency depreciation, high inflation, and sharp fluctuations in interest rates. These factors posed substantial threats to the banking and finance sector, impacting loan repayment capacities and increasing default risks. To support recovery, the International Monetary Fund (IMF) approved a 48-month Extended Fund Facility (EFF) totaling USD 3 billion in March 2023, coupled with a comprehensive economic reform agenda. This program facilitated fiscal reforms, debt restructuring and macroeconomic stabilization, contributing to a notable rebound in economic indicators by 2024.

Key economic highlights include a 5% year-on-year GDP growth in 2024, with Q4 recording a robust 5.4% growth, signaling a broadening recovery. The revenue-to-GDP ratio improved significantly, rising from 8.2% in 2022 to 13.5% in 2024, reflecting enhanced fiscal discipline. Official reserves also strengthened reaching USD 6.5 billion by March 2025 bolstering external stability. Additionally, inflation moderated and policy and treasury bill rates declined prompting Singer Finance to implement measures to mitigate repricing risks associated with interest rate volatility.

As these challenges began to subside in the latter part of the financial year, new opportunities emerged for Singer Finance to enhance our competitive standing and reinforce our financial position, positioning us to navigate the evolving economic landscape effectively.

### **Volatility in Interest Rates and Disposable Income**

The volatility in interest rates during FY 2024/25 although easing, remained a significant challenge. While rates gradually declined over the year, they stayed elevated compared to pre-crisis levels exerting pressure on borrowers' repayment capacities. Combined with the adverse macroeconomic conditions from previous periods, this environment led to reduced real disposable income, increasing loan delinquency and default rates. The easing of interest rates in the latter part of the year alleviated some of this stress contributing to improvements in loan performance.

Singer Finance responded proactively, achieving a notable reduction in default rates through timely post-disbursement follow-up actions and the provision of tailored solutions to our valued customers. By offering competitive interest rates aligned with market trends, we strengthened our balance sheet enhancing financial resilience. These efforts not only mitigated the impact of economic pressures but also positioned Singer Finance to capitalize on emerging opportunities, such as increased demand for financing in a recovering economy. Our ability to adapt to these conditions underscores the effectiveness of our risk management strategies and our commitment to supporting our customers through challenging times.

### **Integrated Approach to Managing Risk**

Singer Finance's risk management approach is holistic, structured and integrated, ensuring that risks are identified, assessed and mitigated across all levels of the organization. Our framework follows a top-down

structure, with the Board setting the overall risk appetite and strategy, which is operationalized through the Board Integrated Risk Management Committee (BIRMC). The BIRMC plays a pivotal role in establishing risk appetite statements at both functional and enterprise levels, overseeing the risk management framework, defining metrics and limits and addressing issues that impact the company's risk profile. By promoting sound governance, value-driven risk practices and business-enabling processes, the BIRMC ensures comprehensive oversight of risk exposures, monitors regulatory and internal capital adequacy and fosters a strong risk culture throughout Singer Finance.

Central to our risk management framework is the "Three Lines of Defense" model, which clearly delineates roles and responsibilities to maintain robust governance and control. The first line consists of operational units that own and manage risks directly embedding risk considerations into their daily activities. The second line comprises risk management and compliance functions that provide oversight, ensure adherence to policies and offer guidance on risk mitigation. The third line is the internal audit function, which provides independent assurance on the effectiveness of risk management and controls, ensuring that our processes remain robust and compliant. This model is complemented by management-level committees that align risk strategies with organizational objectives enhancing decision-making in key business areas. Through transparent reporting and collaboration across these lines, Singer Finance cultivates a risk-aware culture that strengthens operational resilience, crisis preparedness and strategic alignment.

### **Risk Culture**

Risk culture is a cornerstone of Singer Finance's enterprise-wide risk management framework shaping how we identify assess and respond to

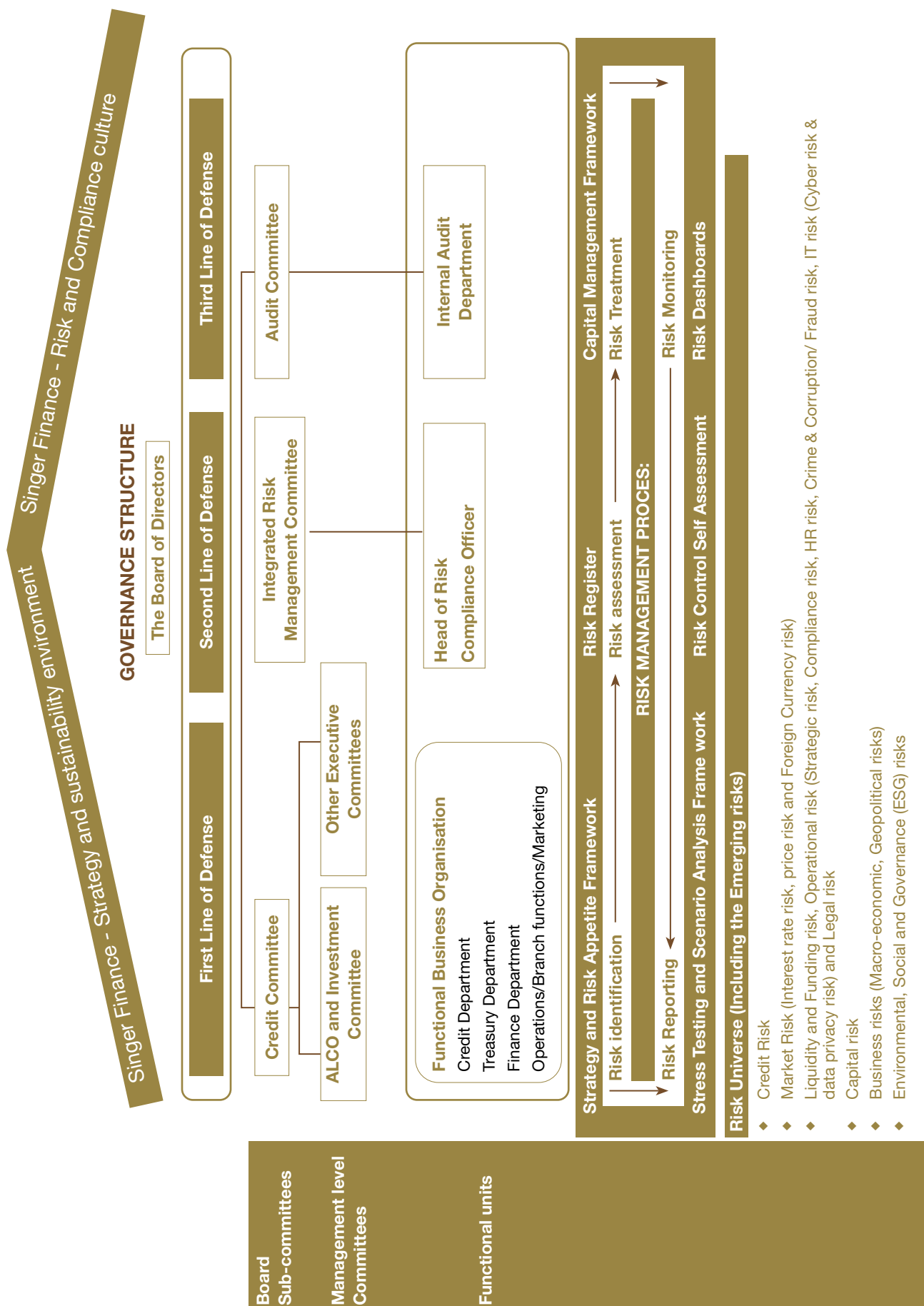
risks. It encompasses the attitudes, behaviors, and practices related to risk across the organization fostering a collective awareness of its importance. Our risk culture encourages open discussion, timely escalation and proactive management of both current and emerging risks ensuring that challenges are addressed before they escalate. This culture is deeply embedded in the mindset, beliefs and values of our people guiding their decisions and actions to align with Singer Finance's strategic objectives.

We integrate risk identification, assessment, management, monitoring and reporting into everyday business operations making risk management a shared responsibility. Training programs, awareness initiatives and clear communication channels reinforce this culture empowering employees to recognize and address risks effectively. By fostering a risk-aware environment, Singer Finance enhances its capacity to navigate complex challenges, maintain operational resilience and deliver sustainable value to stakeholders. Our risk culture is not static; it evolves with the changing risk landscape ensuring that we remain agile and responsive to new developments.

### **Risk Governance Structure**

Our risk governance structure is designed to ensure robust oversight, accountability and effective risk management across all levels of the organization. The BIRMC serves as the apex body supported by management-level committees and the "Three Lines of Defense" model. This structure promotes transparency, collaboration and alignment with regulatory requirements and internal policies enabling Singer Finance to navigate complex risk landscapes with confidence.

# RISK MANAGEMENT



The diagram illustrating Singer Finance's Risk Governance Structure and depicting the roles and interactions of the Board, BIRMC, management committees, and the "Three Lines of Defense" model.

## Strategic Focus and Risk Response Framework

Singer Finance's risk management framework addresses a comprehensive range of risk types, each with specific impacts, strategic responses and forward-looking strategies. Below is a detailed exploration of our approach to key risk categories, presented in paragraphs to provide thorough explanations.

Risk type	Impact to the Singer Finance	Strategic response	Way forward
<b>Credit risk</b>	This includes risks related to concentration, credit defaults, counterparties. Poor management of credit risk can erode a company's profitability, weaken the quality of its assets and result in increased credit losses and a rise in non-performing loans. Over time, these effects can undermine financial stability and limit the company's capacity to generate adequate returns for its investors and shareholders.	<p>Implemented a well-defined risk appetite statement including threshold levels considering the internal historical pattern of the KRIs, regulatory thresholds and industry statistics.</p> <p>Keep strengthening the independent risk assessment taking the market movements preventing of occurring possible risk events.</p> <p>Monitoring the credit quality of the existing and new Delegated Authority levels.</p> <p>Keep reviewing of the Credit Guidelines (CGLs) taking the PESTEL factors and the business requirements into consideration.</p> <p>Initiated the post credit evaluation process</p>	<p>Credit department is in the process of complete implementation of the post-credit evaluation</p> <p>Credit monitoring would be systemized with parameters.</p> <p>Gold loan advances will be determined using risk-based parameters enabled by the successful implementation of the new system. This approach incorporates factors such as loan-to-value (LTV) ratios, borrower risk profiles, and collateral valuation to minimize credit and market risks. The system will monitor exposures, including large individual loans and high-risk borrower categories, applying appropriate limits and controls. It will also integrate real-time data on gold prices to adjust loan amounts and manage risks related to price volatility</p>
<b>Operational risk</b>	Financial losses arising from deficiencies or breakdowns in internal processes, systems, human mistakes, or external events. Effective management of these risks is crucial, as their consequences can be significant, unforeseen, and widespread.	<p>Continuously enhanced the internal control framework and fostered a strong risk reporting culture by forming a group with branch risk representatives across all branches.</p> <p>Strengthened Business Continuity Planning (BCP) and Disaster Recovery (DR) strategies to bolster operational resilience against unexpected disruptions</p> <p>Optimized the incident response process by implementing a operational risk framework for recording significant risk incidents and tracking mitigation action plans, ensuring effective management of realized risks</p> <p>Initiated the development of comprehensive operational risk reporting KRIs for the risk appetite statement</p> <p>Made a special emphasis on compliance with the Personal Data Protection Act while capturing all complaints into a comprehensive Compliant Register.</p>	<p>Expand the implementation of the operational risk reporting dashboard across all operational functions throughout the Company.</p> <p>Adopt the Risk Control Self-Assessment (RCSA) framework, aligned with the best practices related to the sector, for systematically capturing operational risk scenarios and events.</p> <p>Strengthen team awareness and capability in identifying and proactively managing operational risks through continuous training programs</p> <p>Streamline the process for recording operational risk loss events by establishing a cross-functional team representing all three lines of defense</p>

## RISK MANAGEMENT

Risk type	Impact to the Singer Finance	Strategic response	Way forward
<b>Liquidity and funding risk</b>	<p>Funding and liquidity risk is the risk that the Company may not have, or be unable to generate, sufficient cash or funding to meet its short and long term obligations as they become due. This risk is critical because failure to meet obligations promptly can lead to financial distress or insolvency. It has been a central issue during all major financial crises making unable to access adequate liquidity, face operational disruptions etc... Effective liquidity risk management ensures the company can meet payment obligations under both normal and stressed conditions, preserving financial stability and investor confidence.</p>	<p>Develop a well-diversified funding portfolio with building up of a deposit portfolio, borrowings from licensed commercial banks, structured facilities, parent fundings with varied maturity profiles and controlled concentration to balance risk and liquidity.</p> <p>Maintain ongoing liquidity stress testing to proactively manage the liquidity position and prepare for potential crises. During the year under review, significantly improved the maturity mismatch position, reflecting enhanced liquidity management. Weekly cash flow forecasts are performed and reviewed to ensure liquidity remains within acceptable levels and to guide optimal funding strategies. Additionally, maintain pre-approved banking facilities throughout the year to guarantee access to contingency funds when needed.</p> <p>This version emphasizes diversification across funding sources and maturities, continuous risk assessment and liquidity preparedness aligning with best practices.</p>	<p>Enhance the contingency funding plan by clearly defining activation thresholds and assigning decision-making authorities to ensure swift and effective responses during liquidity stress events</p> <p>Further strengthen stress testing methodologies by incorporating a comprehensive range of internal and external risk scenarios to better anticipate potential liquidity challenges</p>
<b>Market risk</b>	<p>Market risk is the risk of loss arising from movements in market variables, such as foreign exchange rates, interest rates, equity prices, commodity prices, property prices, credit spreads and implied volatilities.</p>	<p>Setting up risk appetite thresholds on the portfolio mix between fixed and variable interest rates to reduce exposure to repricing risk arising from adverse market fluctuations. Diversified the portfolio across various segments using a risk-based pricing strategy to ensure the generation of satisfactory returns.</p> <p>Conducted ongoing stress testing to evaluate the financial impact of market risks and to validate the effectiveness of existing risk mitigation measures. Regularly performed forecast-based analyses on weighted average interest rates to assess their effects on interest spreads and net interest income (NII) under different interest rate stress scenarios.</p>	<p>Enhance the stress testing framework for market risks by aligning it with international best practices in capital risk management. Maintain ongoing portfolio diversification efforts aimed at reducing potential financial impacts from unfavorable movements in market interest rates.</p>

Risk type	Impact to the Singer Finance	Strategic response	Way forward
<b>Capital risk</b>	Capital adequacy is influenced by factors such as earnings performance, asset growth and quality, fluctuations in exchange rates, regulatory changes, and strategic initiatives-including acquisitions, divestitures, investments, and shifts in capital-intensive operations. Maintaining sufficient capital is essential for the financial institution to pursue strategic opportunities, absorb potential losses, and remain resilient during extreme adverse events.	<p>Capital adequacy was consistently maintained in accordance with Singer Finance's capital plan, with regular oversight by .BIRMC and alerted the triggering points to both the BIRMC and the Board with respect to the Capital Adequacy Ratios.</p> <p>Various forecasting and stress testing scenarios were conducted to support informed capital planning and management decisions.</p>	<p>Enhance internal capital generation by maintaining a strong earnings profile and implementing effective risk management practices.</p> <p>Continuously refine the capital stress testing framework for future implications and regulatory guidelines.</p>
<b>IT and cyber risk</b>	Insufficient system controls, technical failures and cyber-attacks can lead to significant financial losses and damage the company's reputation	<p>Enhanced security tools including firewalls and antivirus software, while engaging expert professionals to implement and maintain robust protective measures against cyber threats. Staff members received ongoing training to enhance their ability to recognize and respond to various cyber-attacks, phishing and ransomware attacks. The incident management process was strengthened by clearly defining reporting lines and responsibilities. Furthermore, the Security Operations Centre is actively monitored by the IT department to detect security incidents.</p>	<p>Sustain ongoing vigilance over evolving IT and cyber risks, continually assessing the adequacy of resources and specialized expertise to ensure effective risk management. Maintain relentless efforts to close identified gaps in compliance with the Personal Data Protection Act, ensuring the highest standards of safety and diligence in handling customer data.</p> <p>Proactively monitor the implementation and performance of both leading and lagging Key Risk Indicators (KRIs) to facilitate early detection and mitigation of potential risks.</p> <p>Continue to provide staff with regular training to address emerging threats and vulnerabilities.</p>

## RISK MANAGEMENT

Risk type	Impact to the Singer Finance	Strategic response	Way forward
<b>Regulatory and compliance risk</b>	Legal and regulatory risk refers to the potential for the institution to incur sanctions, fines, financial losses or reputational damage due to non-compliance with applicable laws, regulations, codes of conduct and established standards of good practice. This includes adherence to the regulatory frameworks governing anti-money laundering (AML) and counter-terrorist financing (CTF), as well as ensuring that the institution's products and services are not exploited to facilitate money laundering or terrorist financing activities.	<p>Enhanced our training programs and continue to invest in refining our compliance systems and processes to stay ahead of regulatory requirements.</p> <p>Singer Finance's strategic approach to managing compliance and ML/TF risks is comprehensive featuring strong governance, a robust compliance framework, ongoing risk assessments, advanced monitoring technologies, targeted training, proactive engagement with regulators and efficient resolution of issues.</p> <p>The Customer Due Diligence (CDD) process has been strengthened.</p> <p>We maintain continuous training initiatives to keep staff updated on emerging risks and regulatory changes, ensuring compliance knowledge is relevant and actionable. Our approach aligns with best practices that emphasize interactive, scenario-based learning, regular updates, and tailored content to specific roles, fostering a culture of accountability and vigilance.</p>	Continue to conduct dynamic, comprehensive and ongoing risk assessments to identify, evaluate and mitigate compliance and ML/TF Risks. Internal controls are continuing to be evaluated and designed to address identified deficiencies and enhance our ability to prevent, detect and respond to compliance breaches. Continue to streamline the compliance processes by strategically integrating external compliance solutions where necessary with systems and processes developed in house.
<b>Environmental, social and governance (ESG) risk</b>	Since the introduction of sustainability principles in the financial sector, a new category of risk has emerged known as sustainability risks, or environmental, social and governance (ESG) risks. These risks pertain to the potential influence that an organization's stakeholders such as customers, suppliers, employees, or the environment may have on the organization, as well as the reciprocal impact the organization's operations may have on these stakeholders and the environment. The occurrence of ESG risks can adversely affect an NBF's assets, financial performance, earnings, and reputation.	<p>Our Environmental and Social Management System (ESMS) is structured to systematically identify, manage and mitigate environmental and social risks. By integrating ESG considerations into our credit assessment processes, we ensure that our lending supports sustainable environmental stewardship and social responsibility over the long term.</p> <p>The Singer Finance team actively participates in numerous ESG risk training and awareness programs to enhance expertise in ESG risk management.</p> <p>Our green financing portfolio plays a pivotal role in our strategy to achieve Net Zero status featuring key lending products such as the Singer Finance's Solar loan initiative.</p> <p>We remain committed to environmental and social sustainability through various projects as referred in pages 141 to 143</p>	<p>Taking actions to be align with the IFC Performance Standard to ensure alignment with global best practices and regulatory expectations. We will continue to enhance tools and methodologies for managing environmental and social risks across our lending and supplier processes.</p> <p>A dedicated ESG risk management policy will be developed, alongside refinement of existing credit policies to incorporate Singer Finance's ESG risk appetite. ESG considerations will be integrated into product pricing and risk management frameworks to reflect sustainability factors.</p>

## Future Outlook

The national outlook for 2025 projects GDP growth of 3.5–3.9%, supported by easing inflation and improving stability. This positive trajectory is expected to enhance funding and liquidity conditions enabling Singer Finance to pursue strategic opportunities. Our robust capital and liquidity buffers, maintained above regulatory minimums, strengthen our resilience to external shocks, positioning us for sustainable growth.



## Going Concern Assessment

In preparing the financial statements for the year ended 31 March 2025, Singer Finance's management conducted a comprehensive going concern evaluation considering deposit retention, regulatory changes, profitability, excess liquidity, recovery efforts and funding availability. Based on best-case, base-case and worst-case scenarios, we concluded that Singer Finance has sufficient resources to operate as a going concern, supported by robust capital and liquidity buffers.

## Navigating Global Trends: Challenges and Opportunities

Singer Finance is navigating a rapidly evolving landscape shaped by regulatory, technological and sustainability trends. Below are the key challenges and opportunities, presented in below paragraphs:

### 1. Enhanced Regulatory Oversight and Compliance:

Stricter CBSL regulations aligned with Basel principles increase compliance burdens but also enhance financial stability. Singer Finance's proactive AML/CFT framework, real-time monitoring with Infarsoft, and enhanced KYC protocols position us to meet regulatory expectations. We will continue updating policies and conducting training to ensure compliance capitalizing on opportunities to strengthen stakeholder trust.

### 2. Evolution of Risk Management

**Practices:** Volatile economic conditions require advanced risk management, but Singer Finance's adoption of ICAAP and stress testing frameworks enhances our resilience. We maintain additional capital buffers and align with the Masterplan for Consolidation (Phase II, March 2025–March 2028), positioning us to mitigate unforeseen risk events and pursue strategic opportunities.

### 3. Managing Market and Liquidity

**Risks:** Interest rate and foreign exchange volatility, coupled with reliance on short-term deposits,

pose challenges. However, monthly liquidity reviews and KRI-based early warnings strengthen our risk management. We will continue rigorous asset-liability management and maintain liquidity buffers to ensure stability and flexibility.

### 4. Ownership and Governance

**Reforms:** Ownership caps at 25% require governance restructuring but enhance decision-making and sustainability. Singer Finance will align governance structures with regulatory requirements fostering a balanced and accountable decision-making process.

### 5. Embracing Technology and Innovation:

Rapid technological adoption increases cybersecurity risks but also improves efficiency and customer engagement. Singer Finance's internal audits and alignment with CBSL's Technology Risk Management Framework ensure robust controls. We will leverage digital platforms and AI to enhance operational efficiency and inclusion.

### 6. Integrating Sustainability and ESG Considerations:

Meeting ESG compliance standards requires investment, but Singer Finance's ESG policy and green financing initiatives align with global goals. We will expand solar loan programs and refine ESG risk management tools to support sustainability and attract environmentally conscious stakeholders.

### 7. Diversification of Products and Services:

Diversification introduces new risk profiles but enhances inclusion and sustainability. Singer Finance's focus on leasing, microfinance and green finance caters to underserved segments and we will continue diversifying offerings to meet evolving customer needs.

### 8. Addressing Global Market

**Volatility:** Geopolitical tensions impact foreign exchange and commodity prices, but Singer Finance's stress testing and ICAAP frameworks mitigate market shocks providing early warning signals to resurrect the matters.. We will monitor global trends and reduce exposure to volatile assets ensuring financial stability.

## Summary

In FY 2024/25, Singer Finance demonstrated exceptional resilience in managing a complex risk landscape. Our comprehensive integrated risk management framework, anchored by a strong risk culture, robust governance and strategic responses, enabled us to navigate economic volatility, regulatory changes, and emerging ESG risks. By leveraging technology, diversifying our portfolio and aligning with global sustainability goals, we are well-positioned to capitalize on opportunities while safeguarding financial stability. As we look to the future, Singer Finance remains committed to delivering sustainable, risk-adjusted growth ensuring long-term value creation for all stakeholders.

# DISCLOSURE REPORT UNDER FINANCE BUSINESS ACT DIRECTION NO. 05 OF 2021

## Corporate Governance Directions

The Finance Business Act Direction No. 05 of 2021, along with its subsequent amendments, establishes the Corporate Governance guidelines that all finance companies must adhere to.

The company's compliance with these guidelines is comprehensively detailed in the Corporate Governance Report, pages 144 to 249, ensuring transparency and accountability in our operations.

External auditors, Messrs. Ernst & Young, have verified the contents of the Corporate Governance Report concerning the Finance Companies (Corporate Governance) Direction No. 05 of 2021. Their report, based on agreed-upon procedures dated May 6th, 2025, confirms that the disclosures are accurate and in order.

## Reporting to Central Bank

- ◆ The Company confirms that it has consistently submitted Weekly, Monthly, Quarterly, and Annual prudential reports to the Financial Information Network (FINNET) on time, ensuring no penalties have been incurred due to late submissions.
- ◆ The Company also certifies that the prudential returns and other information provided to the Central Bank of Sri Lanka are accurate and free from any material or intentional misstatements.
- ◆ Additionally, the Company has submitted the required large transaction reports to the Financial Intelligence Unit (FIU) of the Central Bank of Sri Lanka on a bi-monthly basis, as mandated.

## Disclosure under Corporate Governance Direction No. 05 of 2021

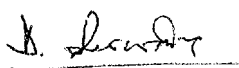
The Company certifies that it has adhered to all prudential requirements, regulations, laws, and internal controls, with no need for corrective actions due to non-compliance during the review period.

The Company also certifies that there have been no supervisory concerns regarding lapses in risk management or non-compliance with the Act, rules, and directions that required reporting to the Director of the Department of Supervision of Non-Bank Financial Institutions.

Furthermore, the Company certifies that it has complied with all Acts, rules, and directions issued by the Monetary Board throughout the review period.



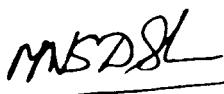
**Thushan Amarasuriya**  
Chief Executive Officer



**Dhammika Siriwardena**  
Chairman - Board Audit Committee



**Chandana Nanayakkara**  
Chief Financial Officer



**Nadeesha De Silva**  
Senior Manager - Compliance

Colombo  
6th May 2025

# BOARD AUDIT COMMITTEE REPORT

## Composition and Meetings

The Board Audit Committee, under delegated authority from the Board, plays a key role in supporting the Board's responsibilities by providing structured oversight of the Company's financial reporting requirements, internal controls, internal audit, and external audit processes. The Committee which was reconstituted subsequent to the retirement of Mr. Jayanth Perera comprises three Independent Non-Executive Directors.

### Prior to Reconstitution

Name	Category	Meetings Attended
Mr. Ranil De Silva (Chairman)	INED	1/1
Mr. Jayanth Perera	Senior INED	1/1
Mr. Aravinda Perera	NED	1/1
Mr. Saman Herath	INED	1/1

### Subsequent to Reconstitution

Name	Category	Meetings Attended
Mr. Dhammika Siriwardene (Chairman)	INED	6/6
Mr. Ranil De Silva	INED	6/6
Mr. Saman Herath	Senior INED	6/6

Brief profiles of each member are set out on pages 28 to 33 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, Chief Finance Officer, 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 the 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. 05 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 7 times during the year. The attendance of the meetings by the Committee members is 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 and external auditors as necessary to carry out the assigned duties.

## Activities in 2024/25

### 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 the Chief Financial Officer and the Chief Executive Officer. The Committee recommended the Financial Statements to the Board for their approval and issuance. The Committee, in its evaluation of the financial reporting system, also recognized 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 2024/25, 88 audits were performed across the company's operations. 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 Messer. BDO, Chartered Accountants. The internal audits during FY 2024/25 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 implemented.

The Committee evaluated the Internal Audit function covering key areas such as scope, quality of internal audits,

## BOARD AUDIT COMMITTEE REPORT

independence and resources. The Committee appraised the independence of the Internal Audit Department and Messer. 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, prioritizing 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 Board Audit 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

The current Auditors, Messers Ernst & Young, Chartered Accountants were appointed in FY 2024/25, in compliance with Section 10.2. (d) (ii) of Finance Business Act Direction No.5 of 2021 which requires a change of External Auditor after a period of ten years.

The Audit Committee, after evaluating the scope, resources and quality of assurance initiatives, recommended to the Board to re-appoint Messers. Ernst & Young, Chartered Accountants as the External Auditors for the year ending 31st March 2026 subject to the approval of

the shareholders at the Annual General Meeting.

### Compliance

The Committee obtained representations from the Chief Executive Officer and the Chief Financial Officer 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) No. 05 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 organization.

In terms of the Finance Companies (Corporate Governance) Direction, the Chief Financial 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 25th March 2025.

The Committee is satisfied with the present corporate governance framework of the organization which ensures sufficient balance of power and authority.

### Ethics and Good Governance

The Committee continuously emphasizes 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 Messrs. Ernst & Young, Chartered Accountants to assess and review the existing SLFRS policies and procedures adopted by the Company.

### Support to the Committee

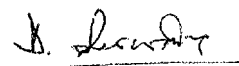
During the year, the Committee received information and support from the management to carry out its duties and responsibilities effectively.

### 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 to the overall performance of the Company, the Committee has been rated as highly effective.

### Conclusion

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.



**Dhammika Siriwardene**  
Chairman - Board Audit Committee

6th May 2025

# BOARD NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

GRI 2-10

## Composition and Meetings

The Board Nominations and Governance Committee is a sub-committee of the Board of Directors and reports directly to the Board. The Committee was reconstituted subsequent to the retirement of Mr. Jayanth Perera.

### Composition prior to reconstitution:

Name	Category	Meetings Attended
Mr. Jayanth Perera (C)	Senior INED	0/1
Mr. Aravinda Perera	NED	1/1
Mr. Saman Herath	INED	1/1
Mr. Ranil De Silva	INED	1/1

### Composition Subsequent to reconstitution:

Name	Category	Meetings Attended
Mr. Saman Herath (C)	Senior INED	3/3
Mr. Aravinda Perera	NED	3/3
Ms. Hiranthi De Silva	INED	3/3

(C) – Chairman  
 INED – Independent Non-Executive Director  
 NED – Non-Executive Director

As at 31st March 2025, the Committee comprise of two Independent Non-Executive Directors and one Non-Executive Director. The Chief Executive Officer of the Group attends by invitation.

The Company Secretary Mr. Lasitha Dias functions as the secretary to the Committee.

## Scope of the Committee

The Committee operates within the Terms of Reference approved by the Board, which stipulate that a majority of members must be Non-Executive Directors, and at least one or one-third (whichever is higher) must be Independent Non-Executive Directors. The Chairman of the Committee shall be an Independent Non-Executive Director.

### The Committee's responsibilities include:

- ♦ Proposing a Charter for the appointment and re-appointment of Directors, considering qualifications, competencies, independence, and potential conflicts of interest.
- ♦ Recommending Directors who retire by rotation for re-election at the Annual General Meeting.

- ♦ Reviewing the structure, size, composition, and competencies (skills, knowledge, and experience) of the Board and proposing necessary changes.
- ♦ Reviewing Board succession plans for retiring/resigning Directors.
- ♦ Recommending appointments to fill Board vacancies.

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

in terms of Articles 24(4) of the Articles of Association of the Company Mr. Saman Herath and Mr. Mahesh Wijewardene retires by rotation and is eligible to offer them selves for re-election. Accordingly, the shareholders will be requested to re-elect Mr. Saman Herath and Mr. Mahesh Wijewardene at the forthcoming Annual General Meeting.

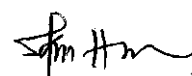
## Re-appointment of Director who has been appointed to the Board since the last AGM

in terms of Articles 24(9) of the Articles of Association of the Company shareholders will be requested to elect Ms. Hiranthi Suchithra De Silva.

## Conclusion

I extend my sincere appreciation to all the current members and members who served prior to the reconstitution for their dedicated service and valuable contribution.

For and on behalf of the Board Nominations and Governance Committee,



**Saman Herath**  
 Chairman  
 Board Nomination and Governance Committee

Colombo  
 6th May 2025

# BOARD RISK MANAGEMENT COMMITTEE REPORT

## The Establishment of the Committee

The Board Integrated Risk Management Committee (BIRMC) is a Board Subcommittee established in Compliance with the Corporate Governance Finance Business Act Direction No 05 of 2021 by the Central Bank of Sri Lanka and is mainly responsible for establishing risk management framework across the Company ensuring adherence to established policies and framework.

## Scope of the Committee

The BIRMC functions in conformity with the terms of reference (TOR) as approved by the Board of Directors.

### Summarized responsibilities

- ◆ Review and oversight of the risk and compliance profile of the Company within the context of the Board determined risk parameters.
- ◆ Making recommendations to the Board concerning the Company's risk parameters and particular risk or compliance management practices of concern to the Committee;
- ◆ Review and oversight of management's plans for mitigation of the material risks faced by the various business units of the Company;
- ◆ Oversight of the implementation and review of risk management and regulatory compliance related policies including the Risk Appetite Statement (RAS) at least annually.
- ◆ The Committee shall assess aspects of risk management including updated business continuity and disaster recovery plans.

## Composition and Meetings

Subsequent to the retirement of Mr. Jayanth Perera, Senior Independent Non-Executive Director, the Committee was reconstituted and the members to the Committee as at 31st March 2025 were as below.

Member	Category	Meetings Attended
Mr. Saman Herath (C)	Senior INED	5/5
Mr. Dammika Siriwardene	INED	3/4
Mrs. Hiranthi De Silva	INED	4/4

(C) – Chairman

INED – Independent Non-Executive Director

The Head of Risk functions as the Secretary to the Committee. The Chief Executive Officer, Chief Operating Officer, Consultant to the Chairman, Head of Treasury and Financial Services, Chief Financial Officer, Senior Manager Credit and Group Sales, Head of Recovery, Senior Manager Compliance, Head of Legal, Assistant General Manager - IT and Digital Transformation and Assistant General Manager - Operations participate to the Committee meeting by invitation.

## Committee Meetings and Methodology

Five meetings were held during the financial year under review in conformity with the related Corporate Governance rules and regulations and its subsequent changes. Both the financial and non-financial risks including but not limited to the credit, operational, market, liquidity and strategic risks were assessed through the risk heat map, risk dashboard and other risk assessment tools discussed in detail on periodical basis. The key risk items together with meeting minutes were referred to the Board seeking the Board's views, concurrence and/or specific directions in line with the section 10 subsection (3)(j)(vii) of the direction No. 05 of 2021 of the Corporate Governance.

## Committee activities and Reporting during the Financial Year

The positions over the Key Risk Indicators (KRIs) in the risk appetite statement were monitored compared with trigger points set in the risk

appetite statement along with the set internal thresholds, regulatory thresholds and industry benchmarks and significant deviations were assessed providing key takeaways/ implications to the Company. Accordingly, necessary risk based directions were provided to mitigate the risk beforehand.

## Risk Heat Map

Risk matrix applicable to the company was assessed via the risk heat map which is embedded with risk assessment tools such as variance analysis and scenario based stress testing to measure their impact and it was reported to the Committee for their directions.

## Risk Monitoring

It is ensured the adequacy of all risk monitoring tools assisting to early detection providing early warning signals to prevent from realizing risk events. The Risk based MIS reporting was implemented to assess the position and making sufficient space to adjust accordingly if necessary.

## Business Continuity Plan (BCP) and Disaster Recovery (DR)

DR drills are conducted to make sure that all the critical processes outlined in the business continuity plans are functioning as per pre-determined norms. Accordingly the Company operations have tested engaging with critical business operations with minimal interruption and enabling to deliver the services to the end customer ensuring company's capability to continue its key functions amidst any unforeseen external/ internal threats.

### Review of Other Committees

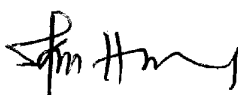
The Committee reviewed the minutes of the management level committees who are also involved in the risk management process. In line with regulatory requirements, the Company has established an AML/CFT Committee to oversee the risks associated with AML/CFT.

### Way Forward

The Committee will continue to strengthen the risk management process based on the dynamic well accepted best practices related to all risks including but not limited to the operational risk management, capital and liquidity risk management updated to the well defined risk appetite framework. The special emphasis would make for the emerging risk including the technology risk, geopolitical risks as applicable with possible implications to the focused industry sector.

### Conclusion

I extend my sincere appreciation to all the current members and members who served prior to the reconstitution for their dedicated service and valuable contribution.



**Saman Herath**

Chairman  
Board Integrated Risk Management  
Committee

6th May 2025  
Colombo

# 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.

The committee composition was reconstituted subsequent to the retirement of Mr. Jayanth Perera. The committee composition prior to and subsequent to reconstitution comprised the following directors.

As at 31st March 2025, the Credit Committee comprise of two Independent Non-Executive directors and one Non-Executive Director.

Name	Category	Meetings Attended
<b>Composition prior to reconstitution:</b>		
Mr. Jayanth Perera (C)	Senior INED	0/0
Mr. Saman Herath	INED	1/1
Mr. Thushan Amarasuriya	ED	1/1

Name	Category	Meetings Attended
<b>Composition Subsequent to reconstitution:</b>		
Mr. Saman Herath (C)	Senior INED	3/3
Mr. Aravinda Perera	NED	2/3
Ms. Hiranthi De Silva	INED	3/3

(C) – Chairman  
 INED – Independent Non-Executive Director  
 NED – Non-Executive Director  
 ED – Executive Director

Key members of the senior management team including Chief Executive Officer, Chief Operating officer, Chief Financial Officer, Consultant to the Chairman, Head of Treasury and Financial Services, Senior Manager Credit, Head of Risk, Head of Recoveries and Head of Legal represented the management team invited to attend the committee meeting as and when desired. National Manager Credit functions 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 maintaining 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.

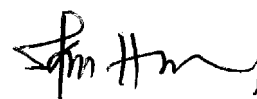
Committee reviews the quality and the performances of the credit portfolio, none performance and collection related management information, monitors the progress of yard vehicles and recommends write-offs to the Board of Directors.

## 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 current members, members who served prior to the reconstitution for their devoted efforts to the Committee over the course of the year, making substantial contributions to our discussions.

For and on behalf of the credit committee.



**Saman Herath**  
Chairman - Credit Committee

Colombo  
6th May 2025

# BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

GRI 2-19, GRI 2-20

## Composition and Meetings

The Human Resources and Remuneration Committee is a sub-committee of the Board of Directors of the Company and reports directly to the Board. The Committee, subsequent to the retirement of Mr. Jayanth Perera, was reconstituted during the year. Members of the committee prior to and subsequent to reconstitution are listed below.

### Composition Prior to reconstitution:

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

### Composition Subsequent to reconstitution:

Name	Category
Mr. Dhammika Siriwardene (C)	INED
Mr. Aravinda Perera	NED
Mr. Saman Herath	Senior INED
Ms. Hiranthi De Silva	INED
Mr. Mahesh Wijewardene	NED

(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 two Non-Executive Directors. The Company Secretary Mr. Lasitha Dias functions as the Secretary to the Committee.

The Chief Executive Officer 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 the Listing Rules of the Colombo Stock Exchange and the FBA Direction No. 05 of 2021. Its composition and functions are in conformity with the Listing Rules and FBA Direction No. 05 of 2021.

### Scope of the Committee : GRI 2 -19

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 : GRI 2 - 20

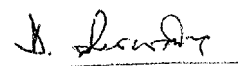
The remuneration paid to Directors during the year under review is disclosed in Note 10 to the financial statements.

All Independent Non-Executive Directors receive a fee for serving on the Board and sub-committee.

### Conclusion

On behalf of the Committee, I would like to express my sincere gratitude for Mr. Jayanth Perera for his valuable contributions to the committee.

I wish to thank the members of the current Committee, members who served prior to the reconstitution and the Chief Executive Officer for their valuable contribution to the deliberations of the Committee.



**Dhammika Siriwardene**

Chairman  
Human Resources and Remuneration Committee

Colombo  
6th May 2025

# BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

GRI 2-15

## Composition and Meetings

The Related Party Transactions Review Committee comprises three Independent Non-Executive Directors. Chairman, Group Chief Executive Officer, Chief Executive Officer, Chief Financial Officer and Senior Manager Compliance attend the Committee by invitation. The committee composition was reconstituted subsequent to the retirement of Mr. Jayanth Perera. The committee composition prior to and subsequent to reconstitution comprised the following Directors.

### Composition Prior to reconstitution:

Name	Category	Meetings Attended
Mr. Ranil De Silva (C)	INED	1/1
Mr. Jayanth Perera	Senior INED	1/1
Mr. Saman Herath	INED	1/1

### Composition Subsequent to reconstitution:

Name	Category	Meetings Attended
Ms. Hiranthi De Silva (C)	INED	3/3
Mr. Dhammika Siriwardene	INED	3/3
Mr. Ranil De Silva	INED	3/3

(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 28 and 33 of this Annual Report.

The Company Secretary Mr. Lasitha Dias functions as the Secretary to the Committee.

## 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. 05 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 Chief Financial Officer who has been identified as the focal point, for this purpose.
- Data is shared with the Chief Financial Officer and the Company Secretary to meet the regulatory requirements if required.

## Task of the Committee

The Committee reviewed the related party transactions, 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

On behalf of the Committee, I would like to express my sincere gratitude to Mr. Jayanth Perera for his valuable contribution to the Committee.

I wish to thank the members of the current Committee, members who served prior to the reconstitution and the invitees for their valuable contribution to the deliberations of the Committee.



**Ms. Hiranthi De Silva**  
Chairman  
Board Related Party Transactions  
Review Committee

Colombo  
6th May 2025

# AUDITOR'S REPORT ON THE DIRECTORS' STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING



**Shape the future  
with confidence**

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Rotunda Towers  
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## TO THE BOARD OF DIRECTORS OF SINGER FINANCE (LANKA) PLC

### Report on the Statement on Internal Control Over Financial Reporting included in the Directors' Statement on Internal Control

We were engaged by the Board of Directors of Singer Finance (Lanka) PLC (the "Company") to provide assurance on the Statement of Internal Control Over Financial Reporting included in the Directors' Statement on Internal Control for the year ended 31 March 2025 (the "Statement") included in the annual report.

### Management's responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of Licensed Finance Company/ Finance Leasing Company on the Directors' Statement on Internal Control" issued in compliance with the Section 16 (1) (ix) of the Finance Companies Corporate Governance Direction no. 05 of 2021 by the Institute of Chartered Accountants of Sri Lanka.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Sri Lanka Standard on Quality Control 1 and accordingly

maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our responsibilities and compliance with SLSAE 3051

Our responsibility is to assess whether the Statement is both supported by the documentation prepared by or for Directors and appropriately reflects the process the Directors have adopted in reviewing the design and effectiveness of the internal control of the Company.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3051, Assurance Report for Licensed Finance Company/ Finance Leasing Company on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants of Sri Lanka.

This Standard required that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control.

For purpose of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed an audit or review of the financial information.

### Summary of work performed

We conducted our engagement to assess whether the Statement is supported by the documentation prepared by or for Directors; and appropriately reflected the process the Directors have adopted in reviewing the system of internal control over financial reporting of the Company.

The procedures performed were limited primarily to inquiries of the Company personnel and the existence of documentation on a sample basis that supported the process adopted by the Board of Directors.

SLSAE 3051 does not require us to consider whether the Statement covers all risks and controls or to form an opinion on the effectiveness of the Company's risk and control procedures. SLSAE 3051 also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included in the annual report is inconsistent with our understanding of the process the Board of Directors has adopted in the review of the design and effectiveness of internal control over financial reporting of the Company.

6 May 2025  
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

# DIRECTORS' STATEMENT ON INTERNAL CONTROL

## Responsibility

In line with the section 16 (1) (ix) of the Finance Business Act Direction No. 05 of 2021 – Corporate Governance, and Principle of the Code of Best Practice on Corporate Governance 2023 issued by Institute of Chartered Accountants of Sri Lanka, the Board of Directors ("Board") of Singer Finance (Lanka) PLC ("Company") presents this report on internal control over financial reporting.

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 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 259 & 260.

- ◆ The observations made by the External Auditors in connection with the internal control system during the financial year 2024/2025 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, the officers responsible 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

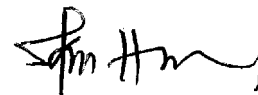
The External Auditors have reviewed the above Directors' Statement on Internal Controls included in the Annual Report of the Company for the year ended 31st March 2025 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with 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.

## STATEMENTS ON PRUDENTIAL REQUIREMENTS, REGULATIONS AND LAWS

By order of the Board



**Dhammika Siriwardene**  
Chairman - Board Audit Committee



**Saman Herath**  
Senior Independent Non-Executive Director



**Thushan Amarasingha**  
Executive Director/ CEO

Colombo  
6th May 2025

# BOARD OF DIRECTORS COMMUNICATION POLICY GRI 2-16

## 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 :

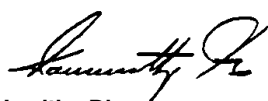
GRI 2-70

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 matter that requires the Board's attention. 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 or 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.

There were no critical concerns reported during the year under consideration.



**Lasitha Dias**  
Company Secretary

6th May 2025

# S1 AND S2 DISCLOSURES

## Aligned with IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information

### Aligned with IFRS S2: Climate-related Disclosures

**Singer Finance (Lanka) PLC remains committed to transparent and robust sustainability disclosures aligned with global best practices. In line with the newly introduced IFRS S1 and IFRS S2 standards issued by the International Sustainability Standards Board (ISSB), we have integrated our financial and sustainability reporting frameworks to offer stakeholders a cohesive, decision-useful view of the risks and opportunities associated with climate and other sustainability-related matters. These disclosures cover the impact of sustainability-related risks and opportunities on our enterprise value, governance, strategy, risk management, and performance.**

### Note on Scope and Basis of Disclosure:

The disclosures presented herein reflect voluntary conformance with the IFRS S1 and IFRS S2 sustainability disclosure standards. While we have adopted the structural principles of these standards in good faith, this reporting cycle does not include full quantitative assessments, scenario-model outputs, or climate scenario analysis. The information provided is primarily qualitative and directional, intended to enhance transparency, build internal capacity, and inform stakeholders. We are actively working to strengthen our data management systems and progressively enhance the scope, depth, and assurance levels of these disclosures in future reporting periods.

## IFRS S1: Sustainability-related Disclosures

### 1. Governance of Sustainability Risks and Opportunities

The Board of Directors of Singer Finance holds ultimate responsibility for overseeing sustainability-related risks and opportunities. The Sustainability Steering Committee—chaired by

the Chief Operating Officer—supports the Board through periodic assessments of ESG matters, integration of sustainability metrics into business strategies, and the implementation of key sustainability projects such as our solar energy transition and green lending initiatives.

- ◆ Sustainability performance updates are reviewed quarterly.
- ◆ Climate and ESG-linked KPIs are included in senior management performance scorecards.

### 2. Strategy

Sustainability is integral to our corporate vision of delivering inclusive financial services while minimizing environmental harm and enhancing social impact.

Key climate-related opportunities and risks identified:

- ◆ Opportunities: Demand for green leasing, low-carbon financing, digitalization of operations, and solar-powered branches.
- ◆ Risks: Physical climate risks impacting branch operations and customer livelihoods (e.g., flooding), transition risks from evolving climate policies, and reputational risks from ESG non-compliance.

While formal scenario analysis is not yet conducted, we have initiated preliminary risk mapping and qualitative assessments to inform strategy development. Our roadmap includes increasing renewable energy adoption, integrating ESG considerations into lending decisions, and enhancing operational resilience in climate-sensitive regions.

### 3. Risk Management

Sustainability-related risks are embedded in our Enterprise Risk Management (ERM) Framework. Risk identification and mitigation processes are conducted at the operational and strategic level and include:

- ◆ ESG risk ratings for suppliers and credit portfolios.
- ◆ Environmental and Social (E&S) due diligence in credit processes for leasing and SME lending.
- ◆ Mapping of physical risk exposure for key branch locations.

As we enhance internal capacities, we plan to gradually embed climate risk stress testing and forward-looking assessment tools.

### 4. Metrics and Targets

To assess and manage our sustainability-related performance, we track the following indicators:

Metric	FY 2024/25	Target (2030)
Scope 1 Emissions	0.27 tCO <sub>2</sub> e	Maintain below 1 tCO <sub>2</sub> e
Scope 2 Emissions	586.90 tCO <sub>2</sub> e	50% reduction
Scope 3 Emissions (select categories)	452.44 tCO <sub>2</sub> e	In progress
GHG Savings from Solar Energy	676.06 tCO <sub>2</sub> e offset	Offset 50% of Scope 2 by 2030
GHG Intensity (per employee)	1.05 tCO <sub>2</sub> e/employee	Decrease year-on-year

## IFRS S2: Climate-related Disclosures

### 1. Governance (IFRS S2 4–6)

Climate-related responsibilities are integrated into our governance structure:

- ◆ The Board reviews climate risks quarterly as part of enterprise risk reviews.
- ◆ The Sustainability Team develops and monitors the risk roadmap.
- ◆ Facilities, credit, and branch operations teams are responsible for implementing risk mitigation and clean energy strategies.

### 2. Strategy and Climate-related Considerations (IFRS S2 7–13)

We have identified key climate-related risks and opportunities under short-, medium-, and long-term horizons. Transition risks due to regulatory changes (e.g., green taxonomy, carbon-related disclosure mandates) and physical risks such as extreme weather conditions could affect our physical infrastructure and the creditworthiness of borrowers in affected regions.

Although formal climate scenario modelling has not yet been implemented, we are in the process of strengthening our internal capability to conduct such assessments in the future. In the interim, we are prioritizing the following strategic responses:

- ◆ Expansion of solar-powered branches to reduce energy dependence.
- ◆ Investment in digital financial services to reduce physical risk exposure.
- ◆ Exploration of green lending portfolios with embedded ESG criteria.

### 3. Risk Management (IFRS S2 14–17)

Climate risks are being progressively embedded into our broader risk management systems:

- ◆ Operational Risk Assessments are being updated to include physical climate vulnerabilities.

- ◆ Credit Risk Models are to be reviewed to factor in climate sensitivity and exposure, particularly for SMEs and retail customers.
- ◆ Capital Expenditure Decisions in the future will consider climate resilience and long-term sustainability.

A Climate Risk Watchlist will be introduced to monitor evolving risks, regulatory developments, and potential asset exposures.

### 4. Metrics and Targets (IFRS S2 18–23)

Singer Finance has defined preliminary metrics to guide its climate response efforts:

Climate-related Metric	FY 2024/25 Value	2030 Target
Total GHG Emissions (Scopes 1–3)	1,039.61 tCO <sub>2</sub> e	Reduce by 40%
Emissions Offset (Solar)	676.06 tCO <sub>2</sub> e	100% of Scope 2
Physical Risk Branch Assessments	100% of current branches reviewed	Continuous monitoring
Green Product Portfolio %	Pilot stage launched	20% of total lending
ESG Integration into Lending	Not Yet	Full ESG screening by 2026

Singer Finance's alignment with IFRS S1 and S2 represents a proactive step in our sustainability journey. Although we are in the early stages of integrating climate considerations into our enterprise-wide processes, the progress made in emissions tracking, renewable energy investment, and climate governance demonstrates our readiness to evolve. We remain committed to enhancing the quality and depth of our disclosures in future cycles and ensuring our strategies deliver long-term value for our stakeholders and the environment.

# GRI CONTENT INDEX

Statement of use	Singer Finance (Lanka) PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			Remarks
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	297				
	2-2 Entities included in the organization's sustainability reporting	6				
	2-3 Reporting period, frequency and contact point	4,6				
	2-4 Restatements of information	5				
	2-5 External assurance	5,289				
	2-6 Activities, value chain and other business relationships	9,52,110,120				
	2-7 Employees	82				
	2-8 Workers who are not employees	82				
	2-9 Governance structure and composition	28,82,141,146,150				
	2-10 Nomination and selection of the highest governance body	146,261				
	2-11 Chair of the highest governance body	161				
	2-12 Role of the highest governance body in overseeing the management of impacts	141,150				
	2-13 Delegation of responsibility for managing impacts	141,150				
	2-14 Role of the highest governance body in sustainability reporting	150				
	2-15 Conflicts of interest	179,166				
	2-16 Communication of critical concerns	269				
	2-17 Collective knowledge of the highest governance body	146				
	2-18 Evaluation of the performance of the highest governance body	146				
	2-19 Remuneration policies	217,265				
	2-20 Process to determine remuneration	217,265				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	Remarks
	2-21 Annual total compensation ratio		2-21	Constraints due to Confidentiality of information.		
	2-22 Statement on sustainable development strategy	16				
	2-23 Policy commitments	92,141,149				
	2-24 Embedding policy commitments	92,141,149				
	2-25 Processes to remediate negative impacts	59,91				
	2-26 Mechanisms for seeking advice and raising concerns	149				
	2-27 Compliance with laws and regulations					No such events of non compliance
	2-28 Membership associations					
	2-29 Approach to stakeholder engagement	59				
	2-30 Collective bargaining agreements	88				
<b>Material topics</b>						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	54				
	3-2 List of material topics	54				
<b>Economic performance</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	11,136				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	11				
	201-2 Financial implications and other risks and opportunities due to climate change	138				
	201-3 Defined benefit plan obligations and other retirement plans	342				
<b>Market presence</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				
	202-2 Proportion of senior management hired from the local community	82				
<b>Indirect economic impacts</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	95,106,115				

## GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			Remarks
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	101,106,121				
	203-2 Significant indirect economic impacts					No such significant indirect economic impacts
<b>Procurement practices</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	115				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	120				
<b>Anti-corruption</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	149				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption					No significant risks of corruption
	205-2 Communication and training about anti-corruption policies and procedures	149				
	205-3 Confirmed incidents of corruption and actions taken					No incidents of corruption
<b>Tax</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	308,309				
GRI 207: Tax 2019	207-1 Approach to tax	308,309				
	207-2 Tax governance, control, and risk management	308,309				
	207-3 Stakeholder engagement and management of concerns related to tax	61				
<b>Energy</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	126				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	127				
	302-3 Energy intensity	127				
	302-4 Reduction of energy consumption	127				
<b>Water and effluents</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	126				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	Remarks
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	128				
	303-2 Management of water discharge-related impacts	128				
	303-5 Water consumption	128				
<b>Emissions</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	126				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	129				
	305-2 Energy indirect (Scope 2) GHG emissions	129				
	305-4 GHG emissions intensity	129				
	305-5 Reduction of GHG emissions	129				
<b>Employment</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	86				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	88				
	401-3 Parental leave	84				
<b>Labor/management relations</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	89				
<b>Occupational health and safety</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	85				
	403-2 Hazard identification, risk assessment, and incident investigation	85				
	403-3 Occupational health services	85				
	403-4 Worker participation, consultation, and communication on occupational health and safety	85				

## GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	Remarks
	403-5 Worker training on occupational health and safety	85				
	403-6 Promotion of worker health	85				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	85				
	403-8 Workers covered by an occupational health and safety management system	85				
	403-9 Work-related injuries	85				
<b>Training and education</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	87				
	404-2 Programs for upgrading employee skills and transition assistance programs	87,100				
	404-3 Percentage of employees receiving regular performance and career development reviews	88				
<b>Diversity and equal opportunity</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	82				
	405-2 Ratio of basic salary and remuneration of women to men	84				
<b>Non-discrimination</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	84				
<b>Child labor</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor					No child labor

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	Remarks
Forced or compulsory labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor					No compulsory labor
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	115				
GRI 414: Supplier Social Assessment 2016	413-1 Operations with local community engagement, impact assessments, and development programs	121				
	413-2 Operations with significant actual and potential negative impacts on local communities	121				
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	115				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	120				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	120				
Marketing and labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	115				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	116				
	417-2 Incidents of non-compliance concerning product and service information and labeling	116				
	417-3 Incidents of non-compliance concerning marketing communications	116				
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	115				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	120				

# INDEPENDENT IR ASSURANCE REPORT TO SINGER FINANCE (LANKA) PLC



**Shape the future  
with confidence**

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## Independent practitioner's assurance report to the Board of Directors of Singer Finance (Lanka) PLC on the Integrated Annual Report 2024/25

### Scope

We have been engaged by Singer Finance (Lanka) PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Singer Finance (Lanka) PLC's Information on how it's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in Singer Finance (Lanka) PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

### Criteria applied by Singer Finance (Lanka) PLC

In preparing the Subject Matter, Singer Finance (Lanka) PLC applied the Integrated Reporting Framework (<IR> Framework) issued by the International Integrated Reporting Council (IIRC) ("Criteria"):

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external

environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

### Singer Finance (Lanka) PLC's responsibilities

Singer Finance (Lanka) PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with Singer Finance (Lanka) PLC on 24 May 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms Y A De Silva FCA, Ms G S S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeevani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCA FCCA MBA (USJ-SL), G B Goudian ACA, D L B Karunathilaka ACA, W S J De Silva BSc (Hons) - MIS Msc - IT, V Shaktivel B.Com (Sp)

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Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- ◆ Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- ◆ Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- ◆ Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- ◆ Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy,

approaches to putting members first, governance and reporting.

- ◆ Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- ◆ Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- ◆ Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- ◆ Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

We also performed such other procedures as we considered necessary in the circumstances.

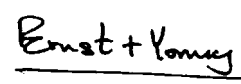
### Emphasis of matter

Economic, Environment, Social and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

### Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of Singer Finance (Lanka) PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.



29 May 2025  
Colombo

# INDEPENDENT GRI ASSURANCE REPORT TO SINGER FINANCE (LANKA) PLC



**Shape the future  
with confidence**

Ernst & Young  
Chartered Accountants  
Rotunda Towers  
No. 109, Galle Road  
P.O. Box 101  
Colombo 03, Sri Lanka

Tel : +94 11 246 3500  
Fax : +94 11 768 7869  
Email: eysl@lk.ey.com  
ey.com

## Independent practitioner's assurance report to the Board of Directors of Singer Finance (Lanka) PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2024/25

### Scope

We have been engaged by Singer Finance (Lanka) PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Singer Finance (Lanka) PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Singer Finance (Lanka) PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

### Criteria applied by Singer Finance (Lanka) PLC

In preparing the Subject Matter, Singer Finance (Lanka) PLC applied the following criteria ("Criteria"):

- ◆ The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>

Such Criteria were specifically designed for the purpose of assisting

you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

### Singer Finance (Lanka) PLC's responsibilities

Singer Finance (Lanka) PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the Singer Finance (Lanka) PLC on 24th May 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the

Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

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assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- ◆ Validated the information presented and checked the calculations performed by the organization through recalculation.
- ◆ Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- ◆ Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- ◆ Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance

engagement and requested changes wherever required.

- ◆ Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

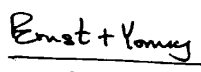
### Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

### Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Singer Finance (Lanka) PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.



29 May 2025  
Colombo

# **FINANCIAL STATEMENTS**

## **Financial Calendar – 2024/25**

Annual Report 2023/24 07th May 2024

Seventeenth Annual General Meeting 25th June 2024

## **Interim Financial Statements in terms of listing Rule 7.4 of the Colombo Stock Exchange**

### **1st Quarter**

For the three months ended 30th June 2024

(Unaudited) 23rd July 2024

### **2nd Quarter**

For the six months ended 30th September 2024

(Unaudited) 29th October 2024

### **3rd Quarter**

For the nine months ended 31st December 2024

(Unaudited) 21st January 2025

### **4th Quarter**

For the twelve months ended 31st March 2025

(Unaudited) 06th May 2025

## **Annual Report & Annual General Meeting**

Annual Report 2024/25 Approved on 06th May 2025

Eighteenth Annual General Meeting 24th June 2025

## **Proposed Financial Calendar 2025/26**

### **1st Quarter Results**

For the three months period ending 30th June 2025

(Unaudited) July 2025

### **2nd Quarter Results**

For the six months period ending 30th September 2025

(Unaudited) October 2025

### **3rd Quarter Results**

For the nine months period ending 31st December 2025

(Unaudited) January 2026

### **4th Quarter Results**

For the twelve months period ending 31st March 2026

(Unaudited) May 2026

## **Annual Report and Audited Accounts for 2025/26**

(Audited) June 2026

Nineteenth Annual General Meeting June 2026

# 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 2025.

## Review of the Year

The Chairman's Review (pages 16 to 19), the Group Managing Director's Review (pages 20 to 23), Chief Executive Officer's Review (pages 24 to 27) and Capital Reports (pages 64 to 133), 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 65 to 79 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 278, 280 and 289 in this Annual Report.

## Financial Statements

The Financial Statements for the year ended 31st March 2025 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 292 to 296 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 297 to 370.

The accounting policies adopted are consistent with the previous financial year.

Property, Plant and Equipment during the year under review, the Company invested Rs. 228.2 million (2023/24, Rs. 153.1 million) in Property, Plant and Equipment. Rs. 104.3 million was spent on renovating and upgrading leasehold premises. Further Rs.39.2 million, Rs. 59.7 million and Rs. 25.0 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. 10.5 million worth of software to develop the IT infrastructure of the Company. Total investment in software as at the Balance Sheet date was Rs. 83.2 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 288.

## 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 2023 by the Institute of Chartered Accountants of Sri Lanka and the Corporate Governance Direction No. 05 of 2021 issued by the Central Bank of Sri Lanka. The corporate governance section on pages 144 to 249 describes the good corporate governance principles adopted by the Company.

Profit and Appropriations	2025	2024
	Rs.	Rs.
Company profit before tax for the year ended 31st March after deducting all expenses, known liabilities and depreciation amounts	1,458,142,678	652,397,883
Provision for income tax	(606,419,696)	(248,162,939)
Profit after tax for the year	851,722,982	404,234,944
Profit brought forward from the previous year	2,829,206,635	2,722,160,413
Unclaimed Dividends adjustments	1,804,334	
Interim dividend of Rs.0.80 per share	-	(161,659,260)
Profit available for appropriation	3,682,733,951	2,964,736,097
The following appropriations have been proposed:		
Transfer to Reserve Fund	(170,344,597)	(80,846,989)
Transfer to Regulatory Loss Allowance Reserve Fund	51,093,499	(51,093,499)
Actuarial (Gain)/Loss on Retirement Benefit Obligation	51,775,927	(5,127,105)
Tax on Other Comprehensive Income	(15,532,778)	1,538,131
Total appropriation before Other Comprehensive Income	(83,007,949)	(135,529,462)
Balance on Company basis to be carried forward	3,599,726,002	2,829,206,634

### Dividend

There were no dividend payment made during the financial year.

### Reserves

The Company's Reserves and Retained Profits as at 31st March 2025 amounted to Rs. 4,107.6 million vs Rs. 3,217.9 million as at 31st March 2024. 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 2025 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 345.

### 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 288.

### Directors Interests and Interest Register

Details of transactions with Director related entities are disclosed in page 371, 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 Managing Director

**Ms. Darshini Talpahewa**

#### Independent Non-Executive

**Mr. Saman Herath**  
(Senior Independent)

**Mr. Ranil De Silva**

**Mr. Dhammika Siriwardena**  
(appointed w.e.f 22nd April 2024)

**Ms. Hiranthi De Silva**  
(appointed w.e.f 10th July 2024)

**Mr. Jayanth Perera**  
(Resigned w e f 14th June 2024)

Brief profiles of the Directors are shown on pages 28 to 33.

#### Retirement, Re-election, Resignation and Appointment of Directors

Mr. Jayanth Perera retired on 14th June 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. Mahesh Wijewardene and Mr. Saman Herath retires by rotation and being eligible offers themselves for re-election and the shareholders will be requested to re-elect them 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 Ms. Hiranthi De Silva who has been appointed to the Board since the last Annual General Meeting.

#### 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. Ranil De Silva, Mr. Saman Herath, Mr. Dhammika Siriwardena and Ms. Hiranthi De Silva 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. Dhammika Siriwardena**  
(Independent Non-Executive Director)  
(appointed to the Board w.e.f 22nd April 2024) - Chairman

**Mr. Saman Herath**  
(Senior Independent Non-Executive Director)

**Mr. Ranil De Silva**  
(Independent Non-Executive Director)

**Mr. Lasitha Dias**  
Secretary to the Committee

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

The Report of the Audit Committee on pages 259 to 260 sets out the manner of compliance by the Company in accordance with the requirements of Finance Companies (Corporate Governance) Direction No. 5 of 2021 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 comprising the Board Risk Management Committee:

**Mr. Saman Herath**  
(Senior Independent Non-Executive Director)- Chairman

**Mr. Dhammika Siriwardene**  
(Independent Non-Executive Director)  
(Appointed to the Board  
w.e.f 22nd April 2024)

**Ms. Hiranthi De Silva**  
(Appointed to the Board  
w.e.f 10th July 2024)

**Mr. Arunda De Silva**  
Senior Manager Risk/  
Secretary to the committee

The Report of the Board Risk Management Committee on page 262 sets out the manner of compliance by the Company in accordance with the requirements of the Finance Companies (Corporate Governance) Direction No. 05 of 2021 and subsequent amendments issued by the Central Bank of Sri Lanka.

### Human Resources and Remuneration Committee

Following are the names of the Directors comprising the Human Resources and Remuneration Committee of the Board:

**Mr. Dhammika Siriwardene**  
(Independent Non-Executive Director)  
(Appointed to the Board  
w.e.f 22nd April 2024) )- Chairman

**Mr. Aravinda Perera**  
(Non-Executive Director)

**Mr. Saman Herath**  
(Independent Non-Executive Director)

**Mr. Hiranthi De Silva**  
(Independent Non-Executive Director)  
(Appointed to the Board  
w.e.f 10th July 2024)

**Mr. Mahesh Wijewardene**  
(Non-Executive Director)

**Mr. Lasitha Dias**  
Secretary to the Committee

The Report of the Human Resources and Remuneration Committee on page 265 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 370.

### Board Nominations and Governance Committee

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

**Mr. Saman Herath**  
(Senior Independent Non-Executive Director) - Chairman

**Mr. Aravinda Perera**  
(Non-Executive Director)

**Ms. Hiranthi De Silva**  
(Independent Non-Executive Director)  
(Appointed to the board  
w.e.f 10th July 2024)

**Mr. Lasitha Dias**  
Secretary to the Committee

The Report of the Board Nomination and Governance Committee on page 261 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 2023 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. Hiranthi De Silva**  
(Independent Non-Executive Director)  
(Appointed to the Board  
w.e.f 10th July 2024) – Chairman

**Mr. Dhammika Siriwardene**  
(Independent Non-Executive Director)  
(Appointed to the Board  
w.e.f 22nd April 2024)

**Mr. Ranil De Silva**  
(Independent Non-Executive Director)

**Mr. Lasitha Dias**  
Secretary to the Committee

The report of the Board Related Party Transactions Review Committee on page 266 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 377 & 378 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	
	2025	2024	2025	2024
	No. of shares	No. of shares	No. of shares	No. of shares
Mr. Aravinda Perera	Nil	Nil	Nil	Nil
Mr. Jayanth Perera (Retired w.e.f 14th June 2024)	Nil	Nil	Nil	Nil
Mr. Saman Herath	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. Dhammika Siriwardena (Appointed to the board w.e.f 22nd April 2024)	Nil	Nil	Nil	Nil
Ms. Hiranthi De Silva (Appointed to the board w.e.f 10th July 2024)	Nil	Nil	Nil	Nil

### Employment

The number of persons employed by the Company as at 31st March 2025 was 987 (2024 – 942).

### 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 80 to 94.

### Donations

No donations were made during the year. (2024 - Rs. 481,000/-)

### 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 Ernst & Young, Chartered Accountants for the FY 2024/25 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 2026.

A resolution proposing Messrs Ernst & Young as Auditors of the Company for the year 2025/26 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 307 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 Board Audit Committee are set out in the Board Audit Committee Report.

### Environmental, Social & Governance

Embracing Sustainability on pages 141 to 143 contains the ESG initiatives under taken by the Company.

### Notice of Meeting

The 18th Annual General Meeting will be held at the Chas P.Hayley Lounge of Hayleys PLC, No.400, Deans Road, Colombo 10, Sri Lanka on 24th June 2025 at 1.00 p.m.

The Notice of the Annual General Meeting of the shareholders is given on page 386.

For and on behalf of the Board,



**Aravinda Perera**  
Non-Executive Director/ Chairman



**Thushan Amarasuriya**  
Executive Director/CEO



**Lasitha Dias**  
Company Secretary

Colombo  
6th May 2025

# 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 Board 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 Chief Financial Officer 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 Ernst & Young 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 289 to 291 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

6th May 2025

# INDEPENDENT AUDITOR'S REPORT



Shape the future  
with confidence

Ernst & Young  
Chartered Accountants  
Rotunda Towers  
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P.O. Box 101  
Colombo 03, Sri Lanka

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Email: eysl@lk.ey.com  
ey.com

## TO THE SHAREHOLDERS OF SINGER FINANCE (LANKA) PLC

### Report on the Audit of 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 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy 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 2025 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the key audit matter
<p>Allowances for Expected Credit Losses of loans and lease receivables measured at amortised cost</p> <p>Allowances for expected credit losses of loans and lease receivables measured at amortised cost as stated in Notes 18.4, 18.3 and 18.2 respectively, is determined by management on the accounting policies described in Note 09 to the financial statements.</p> <p>This was a key audit matter due to</p> <ul style="list-style-type: none"> <li>the involvement of significant management judgements, assumptions and level of estimation uncertainty associated in estimating future cash flows to recover such loans and lease receivables; and</li> <li>the materiality of the reported amount of Allowances for expected credit losses.</li> </ul> <p>Key areas of significant judgements, assumptions and estimates used by management in the assessment of the allowances for expected credit losses for loans and lease receivables include forward-looking macroeconomic scenarios and their associated weightages. These are subject to inherently heightened levels of estimation uncertainty and subjectivity.</p>	<p>In addressing the adequacy of the allowances for expected credit losses of loans and lease receivables, our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>Assessed the alignment of the Company's allowances for expected credit losses computations and underlying methodology including responses to economic conditions with its accounting policies, on the best available information up to the date of our report.</li> <li>Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and the management.</li> <li>Tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by cross checking to relevant source documents and accounting records of the Company.</li> <li>Evaluated the reasonableness of credit quality assessments and related stage classifications.</li> </ul>

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms Y A De Silva FCA, Ms G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudjian ACMA, D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MIS MSc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

## INDEPENDENT AUDITOR'S REPORT



Key Audit Matter	How our audit addressed the key audit matter
<p>Further information on the key estimates, assumptions and judgements is disclosed in Note 09.</p>	<ul style="list-style-type: none"> <li>● In addition to the above, the following procedures were performed:</li> </ul> <p>For loans and lease receivables assessed on a collective basis for impairment:</p> <ul style="list-style-type: none"> <li>● Tested the key inputs and the calculations used in the impairment for expected credit losses.</li> <li>● Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays. Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each scenario.</li> <li>● Assessed the adequacy of the related financial statement disclosures set out in notes 18.1, 18.2, 18.3, 18.4 and 37.1.1.</li> </ul>
<p><b>Information Technology (IT) system related internal controls over financial reporting</b></p> <p>Company's financial reporting process is significantly reliant on IT system and related internal controls. Further, key financial statement disclosures are prepared using data and reports generated by the IT system, that are compiled and formulated with the use of spreadsheets.</p> <p>Accordingly, IT system related internal controls over financial reporting were considered a key audit matter.</p>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>● Obtained an understanding of the internal control environment of the relevant significant processes and test checked key controls relating to financial reporting and related disclosures.</li> <li>● Involved our internal specialized resources and; <ul style="list-style-type: none"> <li>● Obtained and understanding IT Governance Structure of the Company</li> <li>● Identified, evaluated and tested the design and operating effectiveness of IT system related internal controls over financial reporting, relating to user access and change management, and</li> <li>● Obtained a high-level understanding of the cybersecurity risks affecting the Company and the actions taken to address these risks primarily through inquiry.</li> </ul> </li> </ul> <p>Tested source data of the reports used to generate disclosures for accuracy and completeness, including review of the general ledger reconciliations.</p>

### Other matter

The financial statements of Singer Finance (Lanka) PLC for the year ended 31st March 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 May 2024

### Other Information included in the Company's 2025 Annual Report

Other information consists of the information included in the Company's 2025 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. 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.

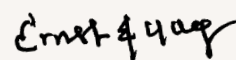
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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 4839.



6 May 2025  
Colombo

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31st March		2025	2024
	Note	Rs.	Rs.
Gross Income	5	9,706,033,056	8,113,371,027
Interest Income	6.1	8,982,589,570	7,580,601,428
Interest Expense	6.2	(4,189,822,409)	(4,792,620,097)
Net Interest Income	6	4,792,767,161	2,787,981,331
Fee and Commission Income	7	612,180,156	378,111,392
Other Operating Income	8	111,263,330	154,658,207
Total Operating Income		5,516,210,647	3,320,750,930
Impairment (Charges)/ Reversals for Loans & Receivables	9	(234,129,596)	130,796,891
Net Operating Income		5,282,081,053	3,451,547,821
Expenses			
Personnel Expenses	10.1	(1,327,688,789)	(988,664,822)
Depreciation & Amortization	10	(300,097,142)	(276,194,216)
Other Operating Expenses	10.2	(1,609,418,445)	(1,214,435,338)
Operating Profit Before Tax on Financial Services		2,044,876,675	972,253,445
Tax on Financial Services	11	(586,733,995)	(319,855,562)
Profit Before Income Tax		1,458,142,680	652,397,883
Income Tax Expense	12	(606,419,696)	(248,162,939)
Profit for the Year		851,722,984	404,234,944
Other Comprehensive Income			
Items that will never be Classified to Profit or Loss			
Actuarial Gain / (Loss) on Defined Benefit Plan	32.1	51,775,927	(5,127,105)
Actuarial Gain/ (Loss) on Deferred Tax	31.1	(15,532,778)	1,538,131
Gain/ (Loss) from Fair Value of Financial Assets Measured at FVOCI		-	64,814
Total Other Comprehensive Income / (Expenses) for the Year, Net of Tax		36,243,149	(3,524,160)
Total Comprehensive Income for the Year		887,966,133	400,710,784
Earnings Per Share	13	4.21	2.00
Dividend Per Share		-	0.80

The Notes on pages 297 through 370 form an integral part of these Financial Statements.

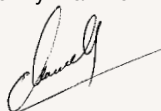
Figures in the brackets indicate deductions.

# STATEMENT OF FINANCIAL POSITION

As at 31st March		2025	2024
	Note	Rs.	Rs.
<b>ASSETS</b>			
Cash and Cash Equivalents	15.1	1,830,533,616	3,825,975,833
Placement with Banks	16	2,776,950,496	254,023,074
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	17,209,188,966	10,935,835,461
Financial Assets at Amortised Cost-Loans and Advances	18.3	30,407,087,005	16,864,120,276
Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)	19	2,185,043	2,185,043
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	20	2,812,655,388	2,478,590,812
Due from Related Companies	29.1	24,669,533	-
Other Assets	21	374,683,535	252,615,410
Deferred Tax Assets	31	246,454,499	93,093,404
Intangible Assets	22	83,215,301	87,824,543
Property, Plant and Equipment	23	710,856,585	638,235,421
Right-Of-Use Assets	24	638,108,661	698,183,417
<b>Total Assets</b>		<b>57,116,588,628</b>	<b>36,594,443,694</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Bank Overdraft	15.2	905,920,208	531,808,678
Financial Liabilities at Amortised Cost-Due to Customers	25	28,314,140,318	22,179,510,919
Financial Liabilities at Amortised Cost-Interest Bearing Loans and Borrowings	26	19,508,211,518	6,870,504,334
Lease Liabilities	27	789,620,206	839,483,591
Other Liabilities	28	935,960,574	599,553,471
Due to Related Companies	29.2	16,891,865	105,045,746
Current Tax Liabilities	30	402,815,307	92,241,034
Retirement Benefit Obligations	32	138,959,053	161,996,844
<b>Total Liabilities</b>		<b>51,012,519,049</b>	<b>31,380,144,617</b>
<b>Equity</b>			
Stated Capital	33	1,996,444,457	1,996,444,457
Statutory Reserves	34.1	505,755,339	335,410,743
Fair Value Reserve (FVOCI)		2,143,743	2,143,743
Regulatory Loss Allowance Reserves	34.2	-	51,093,499
Retained Earnings		3,599,726,040	2,829,206,635
<b>Total Equity</b>		<b>6,104,069,579</b>	<b>5,214,299,077</b>
<b>Total Liabilities &amp; Equity</b>		<b>57,116,588,628</b>	<b>36,594,443,694</b>
<b>Net Assets Per share</b>		<b>30.21</b>	<b>25.80</b>
<b>Commitments and Contingencies</b>	38		

The Notes on pages 297 through 370 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



**Chandana Nanayakkara**  
Chief Financial Officer

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

Approved and Signed for on behalf of the board,



**Aravinda Perera**  
Chairman



**Thushan Amarasinga**  
Director/Chief Executive Officer

Colombo.  
6th May 2025

# STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31st March		Attributable to Equity Holders of the Company					
	Note	Stated Capital	Statutory Reserve Fund	Fair Value Reserve FVOCI	Regulatory Loss Allowance Reserve	Retained Earnings	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2023	33 , 34	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
Balance as at 1st April 2024	33 , 34	1,996,444,457	335,410,743	2,143,743	51,093,499	2,829,206,635	5,214,299,077
Unclaimed Dividend Adjustments							
		1,996,444,457	335,410,743	2,143,743	51,093,499	2,831,011,005	5,216,103,447
Total Comprehensive Income for the year							
Profit for the Year		-	-	-	-	851,722,984	851,722,984
Other Comprehensive Income		-	-	-	-	36,243,149	36,243,149
Total Comprehensive Income for the Year		-	-	-	-	887,966,133	887,966,133
Transactions with Owners, Recognized Directly in Equity							
Distribution to Owners of the Company							
Transferred to/(from) during the year	34	-	170,344,596	-	(51,093,499)	(119,251,097)	-
Total Transactions with Equity Owners		-	170,344,596	-	(51,093,499)	(119,251,097)	-
Balance as at 31st March 2025		1,996,444,457	505,755,339	2,143,743	-	3,599,726,040	6,104,069,579

The Notes on pages 297 through 370 form an integral part of these Financial Statements.

Figures in the brackets indicate deductions.

# STATEMENT OF CASH FLOWS

For the Year Ended 31st March		2025	2024
	Note	Rs.	Rs.
<b>Cash Flows From Operating Activities</b>			
Profit Before Tax		1,458,142,680	652,397,883
Adjustments For			
Interest Income From Investing Activities		(273,030,761)	(767,218,375)
Interest Income From Placement with Banks		(113,754,586)	(493,790,162)
Finance Cost		4,139,314,708	4,769,684,477
Depreciation/ Amortisation		300,097,142	276,194,216
Retirement Benefit Obligation	32.1	38,660,636	40,906,400
Impairment Charges/ (Reversals) for Loans & Receivables	9	234,129,596	(130,796,891)
(Gain)/ Loss on Disposals of Property, Plant & Equipment		136,761	(12,571)
(Gain)/ Loss on Mark to Market Valuation of Government Securities		1,183,099	(34,855,739)
Gain on Modification of ROU Asset		(250,239)	(873,409)
Securitization Issue Cost		27,950,797	8,839,883
Debenture Issue Cost		2,753,293	2,547,791
<b>Operating Profit Before Changes in Operating Assets And Liabilities</b>		<b>5,815,333,126</b>	<b>4,323,023,503</b>
<b>Changes in;</b>			
(Increase)/ Decrease in Finance Lease Rentals Receivables		(6,310,624,745)	(1,867,776,207)
(Increase)/ Decrease in Loans and Advances		(13,739,825,086)	(1,604,083,567)
(Increase)/ Decrease in Other Assets		(128,120,507)	41,289,383
(Increase)/ Decrease in Due from Related Companies		(24,669,533)	-
Increase/ (Decrease) in Due to Customers		6,323,700,066	2,613,853,081
Increase/ (Decrease) in Amounts Due to Related Companies		(88,153,881)	(10,749,616)
Increase/ (Decrease) in Other Liabilities		336,407,103	124,032,715
<b>Cash Flows from/ (Used in) Operations</b>		<b>(7,815,953,457)</b>	<b>3,619,589,292</b>
<b>Finance Costs Paid</b>		<b>(3,962,348,010)</b>	<b>(4,691,079,357)</b>
Retiring Gratuity Paid	32	(14,916,950)	(12,557,150)
Gratuity Transfer	32	4,994,450	-
Income Tax Paid	30	(458,686,914)	(362,978,149)
<b>Net Cash Generated from/ (Used in) Operating Activities</b>		<b>(12,246,910,881)</b>	<b>(1,447,025,364)</b>
<b>Cash Flows from/ (Used in) Investing Activities</b>			
Acquisition of Property Plant & Equipment		(228,212,417)	(153,094,838)
Proceeds From Disposals of Property, Plant and Equipment		78,889	861,231
Purchase of Intangible Assets	22.1	(10,496,508)	(21,076,412)
Net Change in Investment Securities		(29,549,869)	(753,208,126)
Net Change in Bank Deposits		(2,520,808,908)	1,141,976,244
Interest Income Received		542,730,030	1,138,710,111
<b>Net Cash Flows From/ (Used in) Investing Activities</b>		<b>(2,246,258,783)</b>	<b>1,354,168,210</b>

## STATEMENT OF CASH FLOWS

For the Year Ended 31st March		2025	2024
	Note	Rs.	Rs.
<b>Cash Flows From/ (Used in) Financing Activities</b>			
Proceeds from Securitization Loan	26.3	10,127,876,339	-
Loans Obtained from Banks	26.2	17,600,000,000	9,150,000,000
Repayment of Bank Loans	26.2	(14,901,113,089)	(5,664,906,481)
Repayment of Debenture	26.1.1	-	(1,003,000,000)
Repayment of Securitization Loan	26.3	(364,400,000)	(1,295,600,000)
Securitization Loan Issue Cost		(118,304,321)	(100,061)
Unclaimed Dividend Adjustments		1,804,369	-
Lease Rentals Paid	27.4	(222,247,381)	(168,898,142)
Dividends Paid		-	(161,659,260)
<b>Net Cash Flows From/ (Used in) Financing Activities</b>		<b>12,123,615,917</b>	<b>855,836,056</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>		<b>(2,369,553,747)</b>	<b>762,978,902</b>
<b>Cash and Cash Equivalents at the beginning of the Year</b>		<b>3,294,167,155</b>	<b>2,531,188,253</b>
<b>Cash and Cash Equivalents at the end of the Year Note (A)</b>	15.2	<b>924,613,408</b>	<b>3,294,167,155</b>
Note (A)			
<b>Breakup of the Cash and Cash Equivalents</b>			
Cash in Hand		442,827,827	285,777,043
Cheques in Hand		136,935,032	87,091,006
Cash at Banks in Local Currency		1,229,729,969	3,424,975,279
Cash at Banks in Foreign Currency		21,040,788	28,132,505
Bank Overdrafts		(905,920,208)	(531,808,678)
<b>Cash and Cash Equivalents at the End of the Year</b>		<b>924,613,408</b>	<b>3,294,167,155</b>

The Notes on pages 297 through 370 form an integral part of these Financial Statements.

Figures in the brackets indicate deductions.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

### GRI 2-1

### 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 2025 was 987 (942 as at 31st March 2024).

#### 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 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 6th May 2025.

### 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 (FVOCI).
- Liabilities for defined benefit obligations are recognised using an actuarial technique (projected unit credit method)

## NOTES TO THE FINANCIAL STATEMENTS

### 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 302 to 375 to all periods presented in these Financial Statements.

## 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.

### 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 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 Administration and Management of the Sri Lanka Deposit Insurance Scheme, issued under the Banking (Special Provisions) Act, Direction No.17 of 2023 all Registered Finance Companies are required to insure their deposit liabilities in the Deposit Insurance and Liquidity Support Scheme.

Deposits to be insured shall include demand deposit and time deposit including certificates of deposit and savings deposits, other than,

(a) Deposit liabilities to other member institutions

(b) Deposit liabilities maintained individually or jointly with any other party, by directors and key management personnel of a member institution, close relations of such directors and key management personnel, a subsidiary company or an associate company of a member institution, and any concern in which any of the directors and key management personnel of a member

## NOTES TO THE FINANCIAL STATEMENTS

institution or close relations of such directors and key management personnel have any interest

(c) Deposit liabilities of former directors or key management personnel of a member institution where,

(i) Such directors or key management personnel have been removed from such position on the direction by the Central Bank due to such directors or key management personnel being involved in or connected with any unsound, improper, dishonest, deceitful or fraudulent financial practice detrimental to the interests of the depositors and other creditors of such member institution, in carrying out business operations or management of such member institution;

(ii) Such directors or key management personnel have been determined by the Central Bank, to be not fit and proper to hold such office in a member institution under any written law for the time being in force;

(iii) The Central Bank determines ex mero motu, upon being satisfied based on the material available, and after granting such directors or key management personnel, as the case may be, an opportunity of being heard, that

(iv) Such directors or key management personnel are not entitled to receive any benefit under the Scheme, due to such directors or key management personnel engaging in, or having engaged in, or being involved in, or being responsible for, carrying on the business operations or management of such member institution through any unsound, improper, dishonest, deceitful

or fraudulent financial practices detrimental to the interests of its depositors and other creditors;

(d) Deposits falling within the meaning of abandoned property under the Banking Act and dormant deposits under the Finance Business Act, as the case may be, which have been transferred to the Central Bank, in terms of the directions issued by the Central Bank, from time to time;

(e) Deposits held by any Government institution, including a Ministry, Department, Provincial Council or local authority; and

(f) Any other deposit liability of a member institution as may be determined by the Central Bank as not eligible under the Scheme

(g) Debt instruments including any promissory note and hybrid equity.

Registered Finance Companies are required to pay a premium of 0.15% per annum, payable monthly, calculated on the total amount of all eligible deposit liabilities, inclusive of any interest accrued as at the end of the month, to be paid 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 OR AMENDED ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT THE REPORTING DATE.

The new and amended standards and interpretations that are issued up to the date of issuance of the company's financial statements but are not effective for the current annual reporting period are disclosed below. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### SLFRS 17 Insurance Contracts

- SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4), which was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the Company's financial statement.

#### Lack of exchangeability –

Amendments to LKAS 21 - The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position, and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Company's financial statement.

## NOTES TO THE FINANCIAL STATEMENTS

### 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		2025	2024
		Rs.	Rs.
5.1	<b>Summary</b>		
	Gross Income	9,706,033,056	8,113,371,027
5.2	<b>Analysis of Gross Income</b>		
	Interest Income (Note 6.1)	8,982,589,570	7,580,601,428
	Fee and Commission Income (Note 7)	612,180,156	378,111,392
	Other Operating Income (Note 8)	111,263,330	154,658,207
		9,706,033,056	8,113,371,027

### 6 NET INTEREST INCOME

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 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		2025	2024
		Rs.	Rs.
	Interest Income (Refer Note 6.1)	8,982,589,570	7,580,601,428
	Less : Interest Expense (Refer Note 6.2)	(4,189,822,409)	(4,792,620,097)
	<b>Net Interest Income</b>	<b>4,792,767,161</b>	<b>2,787,981,331</b>

For the Year Ended 31st March		2025	2024
		Rs.	Rs.
6.1	<b>Interest Income</b>		
	Interest Income on Finance Lease Receivables	3,342,073,579	1,930,655,620
	Interest Income on Loans and Advances	4,612,130,347	3,701,767,002
	Income on Financial Instruments at Amortised Cost	273,030,761	767,218,375
	Interest Income on Placements with Banks	113,754,586	493,790,162
	Interest Income on Inter Company Receivables	469,747	455,584
	Interest on Over Due Rentals	641,130,550	686,714,685
		8,982,589,570	7,580,601,428

## 6.2 Interest Expense

For the Year Ended 31st March	2025	2024
	Rs.	Rs.
Interest on Deposits Due to Customers	2,876,597,634	3,889,398,473
Interest on Bank Loans	454,398,896	284,106,205
Interest on Right of Use Assets Lease Liabilities	103,093,202	103,194,403
Interest on Inter Company Payables	9,352,131	4,068,267
Interest on Debentures	287,092,380	347,499,767
Securitization Loans Issue Cost	27,950,797	8,839,883
Interest on Securitization Loans	420,885,889	148,033,419
Interest on Bank Overdrafts	10,451,480	7,479,680
	4,189,822,409	4,792,620,097

## 7 FEE AND COMMISSION INCOME

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	2025	2024
	Rs.	Rs.
Service Charge Income	458,433,768	278,919,152
Commission Income	12,417,215	4,660,362
Reimbursement Fee Credit Cards	933,320	963,063
Insurance Commission Income	139,824,823	92,921,588
Other Credit and Debit Card Related Income	571,030	647,227
	612,180,156	378,111,392

## 8 OTHER OPERATING INCOME

For the Year Ended 31st March	2025	2024
	Rs.	Rs.
Income from Foreign Exchange Operations	1,237,446	1,374,430
Gain on Translation of Foreign Currencies	(913,801)	(3,153,589)
Unwinding Interest Income on Employee Loans	18,968,826	19,402,518
Gain /(Loss) on Disposal of Property, Plant and Equipment	(136,761)	12,571
Realized/ Unrealized Gain/ (Loss) on Sale of Government Securities (Refer Note 8.1)	(1,183,099)	34,855,739
Gain on Modification of ROU Asset	250,239	873,409
Recoveries of Bad-Debt Written Off	22,667,289	13,042,288
Credit Income	9,032,829	42,246,099
Income on Closure	493,023	880,206
Other Sundry Income	12,408,250	20,529,953
Insurance Claim Received	24,534,519	-
Other Income	23,904,570	24,594,583
	111,263,330	154,658,207

## 8.1 Net Trading Gain/ (Loss) from Investments

Realized /Unrealized Gain/ (Loss) on Sale of Government Securities	(1,183,099)	34,855,739
	(1,183,099)	34,855,739

## NOTES TO THE FINANCIAL STATEMENTS

### 9 IMPAIRMENT CHARGES/ (REVERSALS) FOR LOANS & RECEIVABLES

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

- Financial assets that are debt instruments;
- Finance lease, loans and 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 12 months ECL and lifetime ECL for loans and receivable, 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 loans and receivables) on which credit risk has not increased significantly since their initial recognition.

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.

#### Overview of the Expected Credit Loss (ECL) Principles

The adoption of SLFRS 09 has fundamentally changed the Company's loan loss impairment method by replacing LKAS 39's incurred loss approach with a forward-looking Expected Credit Loss (ECL) approach. From 1 April 2018, the Company has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at Fair Value Through Profit or Loss (FVPL), together with loan commitments and financial guarantee contracts, in this section all referred to as financial instruments'.

The ECL allowance is based on the credit losses expected to arise over the life of the asset.

The 12 months ECL is the portion of Lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12 months ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on such process Company allocates loans into Stage 01, Stage 02, Stage 03 as described below;

#### Stage 01

When loans are first recognised, the Company recognises an allowance based on 12 months ECLs. Stage 01 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 02.

#### Stage 02

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the Lifetime ECLs. Stage 02 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 03.

#### Stage 03

When a loan is considered to be credit impaired/contain objective evidences of incurred loss, the Company records an allowance for the Lifetime ECLs.

### 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 more than 90 days 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.- The loss allowance is not recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

## NOTES TO THE FINANCIAL STATEMENTS

### 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, Credit growth, Sector NPL ratio, and using lag effect of these variables).

### Loss Given Default (LGD)

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

### Exposure at Default (EAD)

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

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

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

### 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.

### 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.

For the Year Ended 31st March	2025	2024
	Rs.	Rs.
Impairment Charges/ (Reversals) on Hire Purchase Receivables (Note 18.1.2)	(19,120)	101,739
Impairment Charges/ (Reversals) on Finance Lease Receivables (Note 18.2.4)	37,271,242	(180,695,600)
Impairment Charges/ (Reversals) on Loans and Advances (Note 18.3.4)	196,877,474	49,796,970
	234,129,596	(130,796,891)

#### 9.1 Analysis of Impairment Charges/ (Reversals) for Loans & Receivables

	2025				2024			
	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Hire Purchase Receivables	-	-	(19,120)	(19,120)	-	-	101,739	101,739
Finance Lease Receivables	46,932,212	50,325,837	(59,986,807)	37,271,242	(87,425,481)	(51,568,325)	(41,701,794)	(180,695,600)
Loans and Advances	31,421,924	37,797,451	127,658,099	196,877,474	(21,721,921)	(6,259,036)	77,777,927	49,796,970
Total	78,354,136	88,123,288	67,652,172	234,129,596	(109,147,402)	(57,827,361)	36,177,872	(130,796,891)

#### 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	2025	2024
	Rs.	Rs.
Auditors' Remuneration - Audit & Related Services	4,871,060	4,915,452
- Non-Audit Services	5,948,027	1,772,755
Directors' Emoluments	36,178,430	33,423,157
Amortization of Intangible Assets	15,105,750	13,639,164
Depreciation of Property Plant and Equipment	155,375,604	137,913,073
Depreciation of Right-Of-Use Assets	129,615,788	124,641,979
Legal Expenses	9,942,813	4,583,990
Personnel Expenses (Note 10.1)	1,327,688,789	988,664,822
Operating Lease Rentals	24,136,246	8,708,164
Deposit Insurance Expense	35,818,844	31,050,083
Donation	-	481,000

#### 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

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March	2025	2024
	Rs.	Rs.
Salaries and Other Staff Related Expenses	1,173,391,448	852,319,905
Defined Benefit Plan Costs - Retiring Gratuity (Note 32.1)	38,660,636	40,906,399
Defined Contribution Plan Costs - MSPS and ETF	115,636,705	95,438,518
	1,327,688,789	988,664,822

### 10.2 Other Operating Expenses

For the Year Ended 31st March	2025	2024
	Rs.	Rs.
Marketing Expenses	427,760,724	255,717,570
Insurance Expenses	115,543,762	80,424,309
Repair & Maintenance	97,474,511	80,666,997
Stamp Duty and Crop Insurance Levy	13,553,904	7,753,490
Legal & Audit Fees	15,952,376	8,173,990
Other Operating Expenses	939,133,168	781,698,982
	1,609,418,445	1,214,435,338

### 11 TAX ON FINANCIAL SERVICES GRI 3-3, GRI 207-1, GRI 207-2

#### Accounting Policy

Tax on Financial Services include VAT on Financial Services and Social Security Contribution Levy on Financial Services.

#### Value Added Tax on Financial Services (VAT) - VAT on FS

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 and provisions relating to terminal benefits.

VAT on FS rate apply during the 2024/25 was 18%. (2023/24 - 18%).

#### Social Security Contribution Levy (SSCL) - SSCL on FS

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 2024/25 was 2.5%. (2023/24 - 2.5%)

For the Year Ended 31st March	2025	2024
	Rs.	Rs.
VAT on Financial Services	517,529,614	280,807,587
SSCL on Financial Services	69,204,381	39,047,975
	586,733,995	319,855,562

12 INCOME TAX EXPENSE GRI 3-3, GRI 207-1, GRI 207-2**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 Other Comprehensive Income

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 and subsequent amendments thereto.

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.

For the Year Ended 31st March	2025	2024
	Rs.	Rs.
Current Income Tax Expense (Note 12.2 )	701,359,375	252,126,142
Under/ (Over) Provision in respect of Prior Years	73,954,194	(25,800,000)
	775,313,569	226,326,142
Deferred Tax (Reversal)/ Expenses (Note 31.1)	(168,893,873)	21,836,797
Income Tax Charge for the Year (Note 12.1 )	606,419,696	248,162,939
<b>Income Tax Charged/ (Reversal) on Other Comprehensive Income</b>		
Deferred tax on Actuarial (Gain)/ Loss (Note 31.1)	15,532,778	(1,538,131)
Income Tax Expenses Reported in the Statement of Profit or Loss & Other Comprehensive Income	621,952,474	246,624,808

## NOTES TO THE FINANCIAL STATEMENTS

### 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 No. 24 of 2017 and the amendments thereto at the schedule specified below,

For the Year Ended 31st March	2025	2024
	Rs.	Rs.
Accounting Profit Before tax	1,458,142,680	652,397,883
Tax expenses as per accounting profit (30%)	437,442,804	195,719,365
<b>Adjustments</b>		
Tax effect of Capital Portion of Lease Rentals	1,050,024	2,975,796
Tax effect of Disallowed Expenses	374,422,786	171,292,928
Tax effect of Deductible Expenses	(111,556,239)	(117,808,091)
Allowable Credits	-	(53,856)
Tax on Business Profit (based on taxable profit)	701,359,375	252,126,142
Under/ (Over) Provision in respect of Prior Years	73,954,194	(25,800,000)
	775,313,569	226,326,142
Deferred Tax Reversal (Note 31.1)	(168,893,873)	21,836,797
Income Tax Expenses Reported in the Statement of Profit or Loss at the Effective Tax Rate	606,419,696	248,162,939
Effective Tax Rate (Excluded Deferred Tax) (%)	48%	39%
Effective Tax Rate (Included Deferred Tax) (%)	42%	38%

### 13 EARNINGS PER SHARE

#### Accounting Policy

Basic 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	2025	2024
	Rs.	Rs.
<b>Amount Used as the Numerator</b>		
Profit Attributable to Equity Holders of the Company (Rs.)	851,722,984	404,234,944
<b>Amount Used as the Denominator</b>		
Weighted Average Number of Ordinary Shares in Issue (Note 13.1 )	202,074,075	202,074,075
Basic Earnings per Share (Rs.)	4.21	2.00

#### 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 31 March 2025 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:

## NOTES TO THE FINANCIAL STATEMENTS

- ⦿ 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,

- ⦿ 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 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
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 assets 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.

## NOTES TO THE FINANCIAL STATEMENTS

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.

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 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 2025		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.	
<b>Financial Assets</b>								
Cash and Cash Equivalents	15.1	1,830,533,616	-	-	-	1,830,533,616	-	-
Placement with Banks	16	2,776,950,496	-	-	-	2,776,950,496	-	-
Financial Assets at Amortised Cost-Hire Purchase Receivables	18.1	-	-	-	-	-	-	-
Financial Assets at Amortised Cost-Finance Lease Receivables	18.2	17,209,188,966	-	-	-	17,209,188,966	20,070,869,760	Level 2
Financial Assets at Amortised Cost-Loans and Advances	18.3	30,407,087,005	-	-	-	30,407,087,005	31,565,317,251	Level 2
Financial Assets Measured at Fair Value Through Other Comprehensive Income	19	-	2,185,043	-	-	2,185,043	2,185,043	Level 3
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	20	2,812,655,388	-	-	-	2,812,655,388	2,818,945,489	Level 1
Due from Related Companies	29.1	24,669,533	-	-	-	24,669,533	-	-
<b>Total Financial Assets</b>		<b>55,061,085,004</b>	<b>2,185,043</b>	<b>-</b>	<b>-</b>	<b>55,063,270,047</b>	<b>54,457,317,543</b>	<b>-</b>
<b>Financial Liabilities</b>								
Bank Overdrafts	15.2	-	-	-	905,920,208	905,920,208	-	-
Other Financial Liabilities Due to Customers	25	-	-	-	28,314,140,318	28,314,140,318	28,514,360,384	Level 2
Debentures	26.1	-	-	-	2,134,029,774	2,134,029,774	2,097,240,186	Level 2
Bank Loans	26.2	-	-	-	6,749,527,970	6,749,527,970	6,749,527,970	Level 2
Securitization Loans	26.3	-	-	-	10,624,653,774	10,624,653,774	11,655,802,883	Level 2
Due to Related Companies	29.2	-	-	-	16,891,865	16,891,865	-	-
Lease Liabilities	27	-	-	-	789,620,206	789,620,206	-	-
Supplier Payables	28.1	-	-	-	265,859,743	265,859,743	-	-
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>49,800,643,858</b>	<b>49,800,643,858</b>	<b>49,016,931,423</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

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.	
<b>Financial Assets</b>								
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	11,115,496,714	Level 2
Financial Assets at Amortised Cost-Loans and Advances	18.3	16,864,120,276	-	-	-	16,864,120,276	17,345,554,620	Level 2
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 1
<b>Total Financial Assets</b>		<b>34,358,545,456</b>	<b>2,185,043</b>	<b>463,761,000</b>	<b>-</b>	<b>34,824,491,499</b>	<b>31,419,912,561</b>	<b>-</b>
<b>Financial Liabilities</b>								
Bank Overdrafts	15.2	-	-	-	531,808,678	531,808,678	-	-
Other Financial Liabilities Due to Customers	25	-	-	-	22,179,510,919	22,179,510,919	21,947,497,037	Level 2
Debentures	26.1	-	-	-	2,227,690,500	2,227,690,500	2,136,051,120	Level 2
Bank Loans	26.2	-	-	-	4,035,176,978	4,035,176,978	4,035,176,978	Level 2
Securitization Loans	26.3	-	-	-	607,636,856	607,636,856	609,941,571	Level 2
Due to Related Companies	29.2	-	-	-	105,045,746	105,045,746	-	-
Lease Liabilities	27	-	-	-	839,483,591	839,483,591	-	-
Supplier Payables	28.1	-	-	-	108,175,642	108,175,642	-	-
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>30,634,528,910</b>	<b>30,634,528,910</b>	<b>28,728,666,706</b>	<b>-</b>

## 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 a 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 at 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 of the investment is considered as the fair value of unquoted equity shares

As at 31st March 2025		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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 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 2025		Carrying Value	Fair Value	Level 1	Level 2	Level 3
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets</b>						
Cash and Cash Equivalents	15.1	1,830,533,616	1,830,533,616	-	-	-
Placement with Banks		2,776,950,496	2,776,950,496	-	-	-
Financial Assets at Amortised Cost-Hire Purchase Receivables	18.1	-	-	-	-	-
Financial Assets at Amortised Cost-Finance Lease Receivables	18.2	17,209,188,966	20,070,869,760	-	20,070,869,760	-
Financial Assets at Amortised Cost-Loans and Advances	18.3	30,407,087,005	31,565,317,251	-	31,565,317,251	-
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	20	2,812,655,388	2,818,945,489	2,818,945,489	-	-
Due from Related Companies	29.1	24,669,533	24,669,533	-	-	-
		55,061,085,004	59,087,286,145	2,818,945,489	51,636,187,011	-
<b>Financial Liabilities</b>						
Bank Overdrafts	15.2	905,920,208	905,920,208	-	-	-
Financial Liabilities at Amortised Cost-Due to Customers	25	28,314,140,318	28,514,360,384	-	28,514,360,384	-
Debentures	26.1	2,134,029,774	2,097,240,186	-	2,097,240,186	-
Bank Loans	26.2	6,749,527,970	6,749,527,970	-	6,749,527,970	-
Securitization Loans	26.3	10,624,653,774	11,665,802,883	-	11,665,802,883	-
Due to Related Companies	29.2	16,891,865	16,891,865	-	-	-
Lease Liabilities	26	789,620,206	789,620,206	-	-	-
Supplier Payables	28.1	265,859,743	265,859,743	-	-	-
		49,800,643,858	50,995,223,445	-	49,016,931,423	-

As at 31st March 2024		Carrying Value	Fair Value	Level 1	Level 2	Level 3
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets</b>						
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	11,115,496,714	-	11,115,496,714	-
Financial Assets at Amortised Cost-Loans and Advances	18.3	16,864,120,276	17,345,554,620	-	17,345,554,620	-
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	20	2,478,590,812	2,492,915,184	2,492,915,184	-	-
		34,358,545,456	35,033,965,425	2,492,915,184	28,461,051,334	-
<b>Financial Liabilities</b>						
Bank Overdrafts	15.2	531,808,678	531,808,678	-	-	-
Financial Liabilities at amortised cost-Due to Customers	25	22,179,510,919	21,947,497,037	-	21,947,497,037	-
Debentures	26.1	2,227,690,500	2,136,051,120	-	2,136,051,120	-
Bank Loans	26.2	4,035,176,978	4,035,176,978	-	4,035,176,978	-
Securitization Loans	26.3	607,636,856	609,941,571	-	609,941,571	-
Due to Related Companies	29.2	105,045,746	105,045,746	-	-	-
Lease Liabilities	26	839,483,591	839,483,591	-	-	-
Supplier Payables	28.1	108,175,642	108,175,642	-	-	-
		30,634,528,910	30,313,180,363	-	28,728,666,706	-

## NOTES TO THE FINANCIAL STATEMENTS

### 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	2025	2024
	Rs.	Rs.
Cash in Hand	442,827,827	285,777,043
Cheques In Hand	136,935,032	87,091,006
Cash at Banks in Local Currency	1,229,729,969	3,424,975,279
Cash at Banks in Foreign Currency	21,040,788	28,132,505
	1,830,533,616	3,825,975,833

#### 15.2 Unfavorable Cash and Cash Equivalent Balances

Bank Overdrafts	(905,920,208)	(531,808,678)
Net Cash and Cash Equivalents for the purpose of Cash Flow Statement	924,613,408	3,294,167,155

### 16 PLACEMENTS WITH BANKS

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	2025	2024
	Rs.	Rs.
Investment in Fixed Deposits	2,776,950,496	254,023,074
	2,776,950,496	254,023,074

#### 16.1 Investment in Fixed Deposits- Counterparty External Credit Ratings

Counterparty External Credit Rating		
A	2,776,950,496	254,023,074
	2,776,950,496	254,023,074

**17 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

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 charged 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		2025	2024
		Rs.	Rs.
Investment in Treasury Bonds (Note 17.1)		-	463,761,000
		-	463,761,000
<b>17.1 Investment in Treasury Bonds</b>			
Balance at the beginning of the year		463,761,000	-
Purchase/ (Sale) during the year		(462,577,901)	428,905,261
Gain/ (Loss) from marked to market valuation		(1,183,099)	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		2025	2024
		Rs.	Rs.
<b>18.1 Hire Purchase Receivables</b>			
Rentals Receivable		2,037,389	2,070,611
Other Charges Receivable		1,181,196	1,167,094
Gross Receivables		3,218,585	3,237,705
Allowance for Impairment for Hire Purchase Receivables (Note 18.1.2)		(3,218,585)	(3,237,705)
Net Receivables		-	-
<b>18.1.1 Hire Purchase Rentals Receivable within One Year from Reporting Date</b>			
Rentals Receivable within One Year		2,037,389	2,070,611
Other Charges Receivable within One Year		1,181,196	1,167,094
Gross Receivables within One Year		3,218,585	3,237,705
<b>18.1.2 Movement in Allowance for Impairment Losses for Hire Purchase Receivables</b>			
Balance as at beginning of the Year		3,237,705	3,135,966
Charge/ (Reversal) for the Year		(19,120)	101,739
Balance as at end of the Year		3,218,585	3,237,705

## NOTES TO THE FINANCIAL STATEMENTS

As at 31st March		2025	2024
		Rs.	Rs.
<b>18.2</b>	<b>Finance Lease Receivables</b>		
	Rentals Receivable	24,019,117,570	15,118,684,155
	Other Charges Receivable	156,971,244	161,524,048
	Unearned Interest Income	(6,472,965,996)	(3,864,840,268)
	Gross Receivables	17,703,122,818	11,415,367,935
	Allowance for Impairment for on Lease Rentals Receivable (Note 18.2.4)	(493,933,852)	(479,532,474)
	Net Receivables	17,209,188,966	10,935,835,461
<b>18.2.1</b>	<b>Lease Rentals Receivables within One Year from Reporting Date</b>		
	Rentals Receivables within One Year	9,066,329,730	6,422,368,666
	Other Charges Receivables within One Year	156,971,244	161,524,048
	Unearned Interest Income	(2,923,620,848)	(1,840,076,405)
	Gross Receivables within One Year	6,299,680,126	4,743,816,309
<b>18.2.2</b>	<b>Lease Rentals Receivables after One Year but before Five Years from Reporting Date</b>		
	Rentals Receivable after One Year but before Five Years	14,925,676,236	8,684,457,172
	Unearned Interest Income	(3,547,382,584)	(2,023,327,337)
	Gross Receivables after One Year but before Five Years	11,378,293,652	6,661,129,835
<b>18.2.3</b>	<b>Lease Rentals Receivables after Five Years from Reporting Date</b>		
	Rentals Receivable after Five Years	27,111,604	11,858,317
	Unearned Interest Income	(1,962,564)	(1,436,526)
	Gross Receivables after Five Years	25,149,040	10,421,791
<b>18.2.4</b>	<b>Movement in Allowance for Impairment Losses for Lease Rentals Receivable</b>		
	Balance as at beginning of the Year	479,532,474	707,440,298
	Charge/ (Reversal) for the Year	37,271,242	(180,695,600)
	Written-off during the Year	(22,869,864)	(47,212,224)
	Balance as at end of the Year	493,933,852	479,532,474

As at 31st March		2025	2024
		Rs.	Rs.
<b>18.3</b>	<b>Loans and Advances</b>		
	Loans and Advances	33,488,121,636	18,460,035,569
	Other Charges Receivable	91,554,826	67,263,640
	Unearned Interest Income	(2,805,080,984)	(1,641,631,494)
	Receivables on Loans Against Fixed Deposits	519,224,912	688,820,502
	Gross Receivables	31,293,820,390	17,574,488,217
	Allowance for Impairment for Loans and Advances (Note 18.3.4)	(886,733,385)	(710,367,941)
	Net Receivables	30,407,087,005	16,864,120,276
<b>18.3.1</b>	<b>Loans and Advances Receivable within One Year from Reporting Date</b>		
	Loans and Advances Receivable within One Year	26,128,430,224	14,384,777,886
	Other Charges Receivable within One Year	91,554,826	67,263,640
	Receivables on Loans against Fixed Deposits	519,224,912	688,820,502
	Unearned Interest Income	(1,366,046,653)	(796,515,846)
	Gross Receivables	25,373,163,309	14,344,346,182
<b>18.3.2</b>	<b>Loans and Advances Receivable after One Year but before Five Years from Reporting Date</b>		
	Loans and Advances Receivable after One Year but before Five Years	7,332,832,542	4,067,411,635
	Unearned Interest Income	(1,436,487,542)	(844,505,383)
	Gross Receivables after One Year but before Five Years	5,896,345,000	3,222,906,252
<b>18.3.3</b>	<b>Loans and Advances Receivable after Five Years from Reporting Date</b>		
	Loans and Advances Receivable after Five Years	26,858,870	7,846,048
	Unearned Interest Income	(2,546,789)	(610,265)
	Gross Receivables after Five Years	24,312,081	7,235,783
<b>18.3.4</b>	<b>Movement in Allowance for Impairment for Loans and Advances</b>		
	Balance as at beginning of the Year	710,367,941	714,196,230
	Charge for the Year	196,877,474	49,796,970
	Written-off during the Year	(20,512,030)	(53,625,259)
	Balance as at end of the Year	886,733,385	710,367,941

## NOTES TO THE FINANCIAL STATEMENTS

As at 31st March		2025	2024		
		Rs.	Rs.		
18.4	Allowance for Impairment on Loans & Receivables				
18.4.1	Movement in Allowance for Impairment				
	Balance as at beginning of the Year	1,193,138,120	1,424,772,494		
	Charge/ (Reversal) for the Year	234,129,596	(130,796,891)		
	Written-off during the Year	(43,381,894)	(100,837,483)		
	Balance as at end of the Year	1,383,885,822	1,193,138,120		
18.4.2	Allowance for Impairment Consist of Provisioning Against				
	Hire Purchase Receivables (Note 18.1.2)	3,218,585	3,237,705		
	Finance Lease Receivables (Note 18.2.4)	493,933,852	479,532,474		
	Loans and Advances (Note 18.3.4)	886,733,385	710,367,941		
		1,383,885,822	1,193,138,120		
18.4.3	Breakdown of Gross Loans and Provision				
As at 31st March 2025		Stage 1	Stage 2	Stage 3	Total
		Rs.	Rs.	Rs.	Rs.
	Net Receivables	39,277,044,404	6,645,392,640	1,693,838,927	47,616,275,971
	Impairment Allowance	201,070,105	163,031,436	1,019,784,281	1,383,885,822
	Gross Receivables	39,478,114,509	6,808,424,076	2,713,623,208	49,000,161,793
As at 31st March 2024		Stage 1	Stage 2	Stage 3	Total
		Rs.	Rs.	Rs.	Rs.
	Net Receivables	21,470,433,340	4,082,189,139	2,247,333,258	27,799,955,737
	Impairment Allowance	122,715,969	74,908,148	995,514,003	1,193,138,120
	Gross Receivables	21,593,149,309	4,157,097,287	3,242,847,261	28,993,093,857
18.4.4	Movement in Impairment During the Year				
As at 31st March 2025		Stage 1	Stage 2	Stage 3	Total
		Rs.	Rs.	Rs.	Rs.
	Balance as at the beginning of the Year	122,715,969	74,908,148	995,514,003	1,193,138,120
	Net impairment charge for the Year	78,354,136	88,123,288	67,652,172	234,129,596
	Written-off during the Year	-	-	(43,381,894)	(43,381,894)
	Balance as at end of the Year	201,070,105	163,031,436	1,019,784,281	1,383,885,822

As at 31st March 2024	Stage 1	Stage 2	Stage 3	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the Year	231,863,371	132,735,509	1,060,173,614	1,424,772,494
Net impairment charge for the Year	(109,147,402)	(57,827,361)	36,177,872	(130,796,891)
Written-off during the Year	-	-	(100,837,483)	(100,837,483)
Balance as at end of the Year	122,715,969	74,908,148	995,514,003	1,193,138,120

#### 18.4.5 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 2025	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL not Credit - impaired	Lifetime ECL Credit - impaired	
	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets at Amortised Cost - Total</b>				
Balance as at the beginning of the year	122,715,968	74,908,148	995,513,982	1,193,138,098
Transferred from 12 months ECL	(13,635,893)	11,618,868	2,017,025	-
Transferred from Lifetime ECL not Credit - impaired	13,691,948	(22,294,070)	8,602,122	-
Transferred from Lifetime ECL Credit - impaired	13,265,108	5,388,188	(18,653,296)	-
New Assets Originated	161,991,427	98,819,519	120,352,509	381,163,455
Financial Assets Derecognized	(70,506,631)	(30,262,936)	(211,720,830)	(312,490,397)
Write-offs	-	-	(43,381,893)	(43,381,893)
Net remeasurement Loss Allowance	(26,451,822)	24,853,719	167,054,662	165,456,559
Balance as at end of the Year	201,070,105	163,031,436	1,019,784,281	1,383,885,822
<b>Financial Assets at Amortised Cost - Hire Purchase Receivables</b>				
Balance as at the beginning of the year	-	-	3,237,705	3,237,705
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	-	-	(19,120)	(19,120)
Balance as at end of the Year	-	-	3,218,585	3,218,585

## NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2025	Stage 1 12 months ECL	Stage 2 Lifetime ECL not Credit - impaired	Stage 3 Lifetime ECL Credit - impaired	Total
	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets at Amortised Cost - Finance Lease Receivables</b>				
Balance as at the beginning of the year	36,314,357	42,279,679	400,938,438	479,532,474
Transferred from 12 months ECL	(9,113,701)	8,054,877	1,058,824	-
Transferred from Lifetime ECL not Credit - impaired	8,122,044	(11,997,814)	3,875,770	-
Transferred from Lifetime ECL Credit - impaired	11,021,331	3,780,856	(14,802,187)	-
New Assets Originated	63,130,247	49,924,314	20,635,093	133,689,654
Financial Assets Derecognized	(7,080,096)	(13,912,718)	(112,202,930)	(133,195,744)
Write-offs	-	-	(22,869,863)	(22,869,863)
Net remeasurement Loss Allowance	(19,147,614)	14,476,323	41,448,622	36,777,331
Balance as at end of the Year	83,246,568	92,605,517	318,081,767	493,933,852
<b>Financial Assets at Amortised Cost - Loans and Advances</b>				
Balance as at the beginning of the year	86,401,611	32,628,469	591,337,839	710,367,919
Transferred from 12 months ECL	(4,522,192)	3,563,991	958,201	-
Transferred from Lifetime ECL not Credit - impaired	5,569,904	(10,296,256)	4,726,352	-
Transferred from Lifetime ECL Credit - impaired	2,243,777	1,607,332	(3,851,109)	-
New Assets Originated	98,861,180	48,895,205	99,717,416	247,473,801
Financial Assets Derecognized	(63,426,535)	(16,350,218)	(99,517,900)	(179,294,653)
Write-offs	-	-	(20,512,030)	(20,512,030)
Net remeasurement Loss Allowance	(7,304,208)	10,377,396	125,625,160	128,698,348
Balance as at end of the Year	117,823,537	70,425,919	698,483,929	886,733,385
<b>As at 31st March 2024</b>				
	Stage 1 12 months ECL	Stage 2 Lifetime ECL not Credit - impaired	Stage 3 Lifetime ECL Credit - impaired	Total
	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets at Amortised Cost - Total</b>				
Balance as at the beginning of the year	231,863,370	132,735,510	1,061,076,926	1,425,675,806
Transferred from 12 months ECL	(53,574,939)	41,284,826	12,290,113	-
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	106,462,149	38,448,353	185,997,243	330,907,745
Financial Assets Derecognized	(87,816,959)	(48,180,070)	(260,375,504)	(396,372,533)
Write-offs	-	-	(100,837,484)	(100,837,484)
Net remeasurement Loss Allowance	(130,452,256)	(50,768,819)	114,985,661	(66,235,414)
Balance as at end of the Year	122,715,969	74,908,148	995,514,003	1,193,138,120

As at 31st March 2024	Stage 1 12 months ECL	Stage 2 Lifetime ECL not Credit - impaired	Stage 3 Lifetime ECL Credit - impaired	Total
	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets at Amortised Cost - Hire Purchase Receivables</b>				
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
<b>Financial Assets at Amortised Cost - Finance Lease Receivables</b>				
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
<b>Financial Assets at Amortised Cost - Loans and Advances</b>				
Balance as at the beginning of the year	108,123,532	38,887,506	568,088,504	715,099,542
Transferred from 12 months ECL	(16,101,213)	11,504,940	4,596,273	-
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	79,635,439	21,059,875	177,197,869	277,893,183
Financial Assets Derecognized	(57,618,603)	(21,492,292)	(142,403,776)	(221,514,671)
Write-offs	-	-	(53,625,260)	(53,625,260)
Net remeasurement Loss Allowance	(38,729,929)	(8,952,082)	40,197,158	(7,484,853)
Balance as at end of the Year	86,401,612	32,628,469	591,337,860	710,367,941

## NOTES TO THE FINANCIAL STATEMENTS

### 18.5 Analysis by Sector

Sector wise analysis of Company's Hire Purchase, Lease Receivable and Loan Portfolio's reflecting the net exposure to credit risk in the various sectors of the economy is depicted below:

As at 31st March	2025		2024	
	Rs.	%	Rs.	%
Agriculture	3,660,905,860	7.7	2,476,796,346	8.9
Tourism	1,019,618,812	2.1	517,231,649	1.9
Transport	4,964,168,569	10.4	5,328,293,630	19.2
Construction	1,425,279,465	3.0	1,777,797,283	6.4
Services	4,043,963,689	8.5	4,564,206,385	16.4
Consumption	32,502,339,576	68.3	13,135,630,444	47.2
	47,616,275,971	100.0	27,799,955,737	100.0

### 19 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Company designated the investments as equity securities at FVOCI because these equity securities represents that the Company intended to hold for the long term for strategic purposes.

No Strategic investments were disposed during 2024/2025 financial year.

As at 31st March	No. of Ordinary Shares	2025	2024
		Fair Value of the Investment Rs.	Fair Value of the Investment Total Rs.
Unquoted Shares			
Credit Information Bureau of Sri Lanka	100	2,185,043	2,185,043

### 20 FINANCIAL ASSETS AT AMORTISED COST-DEBT AND OTHER FINANCIAL INSTRUMENTS

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	2025	2024
	Rs.	Rs.
Investment in Treasury Bills	2,812,655,388	2,478,590,812
	2,812,655,388	2,478,590,812

**21 OTHER ASSETS**

As at 31st March		2025	2024
		Rs.	Rs.
<b>21.1 Other Financial Assets</b>			
Insurance Commission Receivable		25,498,803	22,389,753
Refundable Deposits		36,485,319	35,106,319
		61,984,122	57,496,072
<b>21.2 Other Debtors and Prepayments</b>			
Prepayments and Advances		287,205,214	147,009,240
Other Receivables		25,494,199	48,110,098
		312,699,413	195,119,338
<b>Other Assets</b>		<b>374,683,535</b>	<b>252,615,410</b>

**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.

## NOTES TO THE FINANCIAL STATEMENTS

As at 31st March		2025	2024
		Rs.	Rs.
22.1	<b>Cost</b>		
	Balance as at beginning of the Year	214,430,207	193,353,795
	Additions during the Year	10,496,508	21,076,412
	Balance as at end of the Year	224,926,715	214,430,207
22.2	<b>Accumulated Amortization</b>		
	Balance as at beginning of the Year	(126,605,664)	(112,966,500)
	Amortization during the Year	(15,105,750)	(13,639,164)
	Balance as at end of the Year	(141,711,414)	(126,605,664)
22.3	<b>Carrying Amount</b>		
	Total Carrying Amount of EDP Software	83,215,301	87,824,543
22.4	During the financial year, the Company acquired Software to the aggregated value of Rs. 10,496,508 (2023/24 - Rs. 21,076,412).		
22.5	EDP Software included in fully amortized and impaired assets having cost amounting to Rs. 68,803,230 (2023/24 - Rs. 68,464,737).		

### 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.

### 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 2023	Additions & Transfers	Disposal	Balance as at 1st April 2024	Additions & Transfers	Disposal	Balance as at 31st March 2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Improvement on Leasehold Premises	550,041,938	34,302,074	-	584,344,012	104,250,492	(4,269,823)	684,324,681
Equipment	235,074,083	58,061,818	(1,252,865)	291,883,036	59,669,716	(3,102,061)	348,450,691
EDP Equipment	202,263,423	44,124,789	(243,980)	246,144,232	39,248,638	(6,906,066)	278,486,804
Motor Vehicles	245,000	-	-	245,000	-	-	245,000
Furniture and Fittings	92,982,224	16,606,157	-	109,588,381	25,043,571	(4,480,701)	130,151,251
	1,080,606,668	153,094,838	(1,496,845)	1,232,204,661	228,212,417	(18,758,651)	1,441,658,427

## NOTES TO THE FINANCIAL STATEMENTS

	Balance as at 1st April 2023	Depreciation Charge for the year	Disposal	Balance as at 1st April 2024	Depreciation Charge for the year	Disposal	Balance as at 31st March 2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>23.2 Accumulated Depreciation</b>							
Improvements on Leasehold Premises	(238,095,874)	(72,229,892)	-	(310,325,766)	(77,100,730)	4,269,823	(383,156,673)
Equipment	(69,439,442)	(26,423,068)	459,431	(95,403,079)	(31,358,565)	3,102,061	(123,659,583)
EDP Equipment	(113,391,238)	(30,268,269)	188,755	(143,470,752)	(36,023,983)	6,906,066	(172,588,669)
Motor Vehicles	(8,753)	(35,010)	-	(43,763)	(35,011)	-	(78,774)
Furniture and Fittings	(35,769,043)	(8,956,837)	-	(44,725,880)	(10,857,315)	4,265,052	(51,318,143)
	(456,704,350)	(137,913,076)	648,186	(593,969,240)	(155,375,604)	18,543,002	(730,801,842)

As at 31st March	2025	2024
	Rs.	Rs.

<b>23.3 Carrying Amount</b>		
Improvements on Leasehold Premises	301,168,008	274,018,246
Equipment	224,791,108	196,479,957
EDP Equipment	105,898,135	102,673,480
Motor Vehicles	166,226	201,237
Furniture and Fittings	78,833,108	64,862,501
	710,856,585	638,235,421

**23.4** During the financial year, the Company acquired Property, Plant and Equipment to the aggregated value of Rs. 228,212,417 (2023/24 - Rs. 153,094,838).

**23.5** Cost of fully depreciated assets which are still in use as at reporting date is as follows:

As at 31st March	2025	2024
	Rs.	Rs.
Improvement on Leasehold Premises	121,867,446	89,740,826
Equipment	9,915,069	11,947,972
EDP Equipment	88,300,897	79,155,844
Furniture and Fittings	10,202,730	13,880,355
	230,286,142	194,724,997

- 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 2025.
- 23.8 There was no capitalized borrowing cost relating to acquisition of Property, Plant and Equipment during the Year (2023/24 – 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.

As at 31st March		2025	2024
		Rs.	Rs.
24.1	<b>Gross Carrying Amount</b>		
	As at beginning of the Year	1,167,703,425	1,032,905,615
	Additions during the Year	70,877,699	151,139,922
	Disposals during the Year	(8,749,085)	(16,342,112)
	Balance as at end of the Year	1,229,832,039	1,167,703,425
24.2	<b>Accumulated Depreciation</b>		
	As at beginning of the Year	(469,520,008)	(358,496,456)
	Charge for the Year	(129,615,788)	(124,641,979)
	Disposals during the Year	7,412,418	13,618,427
	Balance as at end of the Year	(591,723,378)	(469,520,008)
24.3	<b>Net Book Value</b>	638,108,661	698,183,417
24.4	<b>Amounts Recognised in Profit or Loss:</b>		
	Depreciation expense on Lease Assets	129,615,788	124,641,979
		129,615,788	124,641,979
25	<b>FINANCIAL LIABILITIES AT AMORTISED COST-DUE TO CUSTOMERS</b>		
	Fixed Deposits at Amortized Cost	27,460,318,868	21,544,417,620
	Saving Deposits	853,821,450	635,093,299
		28,314,140,318	22,179,510,919

## NOTES TO THE FINANCIAL STATEMENTS

### 26 FINANCIAL LIABILITIES AT AMORTISED COST-INTEREST-BEARING LOANS AND BORROWINGS

	2025			2024		
	Amount Repayable 1 Year	Amount Repayable After 1 Year	Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Debenture (Note 26.1)	153,733,422	1,980,296,352	2,134,029,774	222,690,500	2,005,000,000	2,227,690,500
Bank Loans (Note 26.2)	5,577,182,489	1,172,345,481	6,749,527,970	4,035,176,978	-	4,035,176,978
Securitization Loans (Note 26.3)	3,756,464,342	6,868,189,432	10,624,653,774	407,636,856	200,000,000	607,636,856
	9,487,380,253	10,020,831,265	19,508,211,518	4,665,504,334	2,205,000,000	6,870,504,334

#### 26.1 Debentures

Type		No of Debenture Listed	Face Value	Interest Rate	Issued Date	Maturity Date	2025	2024
			Rs.	%	Rs.	Rs.	Rs.	Rs.
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	5,567,651	5,560,770
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	623,053,690	622,381,623
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	1,505,408,433	1,599,748,107
		20,050,000	2,005,000,000				2,134,029,774	2,227,690,500

#### 26.1.1 Movement of Debenture

	Balance as at beginning of the year	Obtained during the year	(Repayments)		Unamortised Issue Cost	Accrued Interest	Balance as at end of the year
	Rs.	Rs.	Capital	Interest	Rs.	Rs.	Rs.
As at 31st March 2025	2,227,690,500	-	-	(242,394,148)	(4,025,421)	152,758,843	2,134,029,774
	2,227,690,500	-	-	(242,394,148)	(4,025,421)	152,758,843	2,134,029,774
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

## 26.2 Bank Loans

	Balance as at beginning of the Year	Loans Obtained	Repayments	Accrued Interest	Balance as at end
2024/25	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Movement of Bank Loans</b>					
Sampath Bank PLC	500,927,489	1,500,000,000	(1,500,927,489)	649,315	500,649,315
Cargills Bank PLC	-	2,000,000,000	(2,000,000,000)	-	-
Nations Trust Bank PLC	1,802,704,923	9,700,000,000	(7,331,464,627)	6,772,225	4,178,012,521
Seylan Bank PLC	926,135,817	800,000,000	(926,195,229)	1,586,301	801,526,889
Pan Asia Banking Co. PLC	504,923,411	2,000,000,000	(1,542,040,402)	6,225,658	969,108,667
National Development Bank PLC	-	1,100,000,000	(1,100,000,000)	-	-
DFCC Bank PLC	-	200,000,000	(200,000,000)	-	-
Bank of Ceylon	300,485,338	300,000,000	(300,485,342)	230,582	300,230,578
	4,035,176,978	17,600,000,000	(14,901,113,089)	15,464,081	6,749,527,970

	Balance as at beginning of the Year	Loans Obtained	Repayments	Accrued Interest	Balance as at end of the Year
2023/24	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Movement of Bank Loans</b>					
Sampath Bank PLC	-	1,300,000,000	(800,000,000)	927,489	500,927,489
Commercial Bank of Ceylon PLC	-	1,450,000,000	(1,450,000,000)	-	-
Nations Trust Bank PLC	163,509,872	3,300,000,000	(1,663,509,867)	2,704,918	1,802,704,923
Seylan Bank PLC	376,337,176	1,700,000,000	(1,151,396,614)	1,195,255	926,135,817
Pan Asia Banking Co. PLC	-	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

## (a) Bank Loan Repayable within One Year

Bank	Rate of Interest	Repayment Terms	Security	2025	2024
Rs.					
Sampath Bank PLC	Fixed Rate	Monthly Repayment	Lease Receivable	500,649,315	500,927,489
Seylan Bank PLC	AWPLR - Margin	Monthly Repayment	Lease Receivable	501,076,712	800,889,369
Seylan Bank PLC	Fixed Rate	Quartely Repaymnet	Lease Receivable	300,509,589	125,246,448
Nations Trust Bank PLC	Fixed Rate	Quartely Repayment	Lease Receivable	2,001,896,986	-
Nations Trust Bank PLC	AWPLR - Margin	Monthly Repayment	Lease Receivable	801,256,329	1,802,704,923
Bank of Ceylon	AWPLR - Margin	Monthly Repayment	Lease Receivable	300,230,628	300,485,338
Pan Asia Banking Co. PLC	AWPLR	Monthly Repayment	Lease Receivable	505,951,683	504,923,411
Pan Asia Banking Co. PLC	AWPLR + Margin	Monthly Repayment	Lease Receivable	165,811,504	-
Nations Trust Bank	AWPLR + Margin	Quartely Repayment	Lease Receivable	499,799,743	-
				5,577,182,489	4,035,176,978

## NOTES TO THE FINANCIAL STATEMENTS

### (b) Bank Loan Repayable after One Year

Bank	Rate of Interest	Repayment Terms	Security	2025	2024
Rs.					
Pan Asia Banking Co. PLC	AWPLR + Margin	Monthly Repayment	Lease Receivable	297,345,481	-
Nations Trust Bank PLC	AWPLR + Margin	Quartely Repayment	Lease Receivable	875,000,000	-
				1,172,345,481	-

### 26.3 Securitization

	Balance as at beginning of the year	Obtained during the year	(Repayments)		Unamortised Issue Cost	Accrued Interest	Balance as at end of the year
	Rs.	Rs.	Capital	Interest	Rs.	Rs.	Rs.
As at 31st March 2025	607,636,856	10,127,876,339	(364,400,000)	(45,636,856)	(92,775,719)	391,953,153	10,624,653,774
	607,636,856	10,127,876,339	(364,400,000)	(45,636,856)	(92,775,719)	391,953,153	10,624,653,774
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

### 26.4 Details of Securitization as at 31st March is as Follows

Issue No.	Face Value	Rate of Interest	Maximum Period (Months)	Trustee	2025	2024	Security
					Rs.	Rs.	
Syndication 2 Tranch 03	200,000,000	Fixed Rate	54	Hatton National Bank PLC	-	200,000,000	Lease, Loans and Advances Receivables
Syndication 2 Tranch 04	200,000,000	Fixed Rate	60	Hatton National Bank PLC	201,561,091	200,000,000	Lease, Loans and Advances Receivables
Securitization 09	1,500,000,000	Fixed Rate	36	Hatton National Bank PLC	-	207,636,856	Lease, Loans and Advances Receivables
Securitization 10	2,997,597,640	Fixed Rate	36	National Development Bank PLC	3,196,971,101	-	Lease, Loans and Advances Receivables
Securitization 11	1,000,000,000	Fixed Rate	36	National Development Bank PLC	1,036,039,421	-	Lease, Loans and Advances Receivables
Securitization 12	1,997,547,896	Fixed Rate	36	National Development Bank PLC	2,036,319,651	-	Lease, Loans and Advances Receivables
Securitization 13	2,000,000,000	Fixed Rate	36	Hatton National Bank PLC	2,034,861,948	-	Lease, Loans and Advances Receivables
Securitization 14	2,130,330,804	Fixed Rate	36	National Development Bank PLC	2,118,900,562	-	Lease, Loans and Advances Receivables
					12,025,476,340	10,624,653,774	607,636,856

## 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

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 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	2025	2024
	Rs.	Rs.
As at beginning of the Year	839,483,591	757,644,503
New contracts liabilities during the Year	70,877,699	151,139,922
Interest charge for the Year	103,093,202	103,194,403
Lease rental payments for the Year	(222,247,381)	(168,898,142)
Disposals/ Transfers	(1,586,905)	(3,597,095)
Balance as at end of the Year	789,620,206	839,483,591

### 27.1 Maturity Analysis of Undiscounted Contractual Lease Payments are as Follows;

Less than one Year	131,221,189	76,075,972
Between one and five Years	432,283,583	509,499,826
More than five Years	226,115,434	253,907,793
	789,620,206	839,483,591

### 27.2 Sensitivity Analysis of Lease Liability

	2025		2024	
Increase/ (Decrease) in Incremental Borrowing Rate	Sensitivity effect on Lease Liability Increase/ (Decrease) in the Liability	Sensitivity effect on Interest Expense Increase/ (Decrease) in Profit for the Year	Sensitivity effect on Lease Liability Increase/ (Decrease) in the Liability	Sensitivity effect on Interest Expense Increase/ (Decrease) in Profit for the Year
1% Increase	(29,997,270)	4,298,821	(33,486,747)	3,045,077
1% Decrease	13,362,929	(6,673,034)	13,063,315	(7,156,408)

As at 31st March	2025	2024
	Rs.	Rs.

### 27.3 Amounts Recognised in Profit or Loss:

Interest expense on lease liabilities	103,093,202	103,194,403
Expense relating to leases of low-value assets (included in Other Operating Expenses)	24,136,246	8,708,164
	127,229,448	111,902,567

### 27.4 Information on the Company's Variable Lease Payments, Including the Magnitude in Relation to Fixed Payments:

Fixed Rent	222,247,381	168,898,142
	222,247,381	168,898,142

The Company has applied the practical expedient to all rent concessions that meet the conditions.

## 28 OTHER LIABILITIES

### 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.

As at 31st March		2025	2024
		Rs.	Rs.
28.1	<b>Other Financial Liabilities</b>		
	Supplier Payables	265,859,743	108,175,642
	VAT on Financial Services	66,220,343	51,483,790
	VAT Payable	14,317,695	7,722,362
	Stamp Duty & Other Taxes	26,021,761	35,738,342
	Insurance Payable	129,448,254	92,544,568
	Dividend Payable	4,663,004	10,646,275
	Other Liabilities	142,601,009	126,863,248
		649,131,809	433,174,227
28.2	<b>Other Payables</b>		
	Accrued Expenses	238,756,989	147,808,461
	Deferred Revenue-Suraksha and Moratorium Loans	14,262	49,837
	Facility Receipts in Advance	48,057,514	18,520,946
		286,828,765	166,379,244
	<b>Other Liabilities</b>	935,960,574	599,553,471

## 29 AMOUNT DUE FROM/ TO RELATED COMPANIES

As at 31st March		Relationship	2025	2024
			Rs.	Rs.
29.1	<b>Amount Due from Related Companies</b>			
	<b>Non-Trade</b>			
	Singer (Sri Lanka) PLC	Parent Company	24,669,533	-
			24,669,533	-

## NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	Relationship	2025	2024
		Rs.	Rs.
<b>29.2 Amount Due to Related Companies</b>			
<b>Non-Trade</b>			
Hayleys PLC	Ultimate Parent	7,822,604	5,045,823
Hayleys Business Solutions International (Pvt) Ltd	Related Company	161,872	87,895
Fentons Ltd	Related Company	4,013,435	5,324,928
Energynet (Pvt) Ltd	Related Company	215,522	152,492
The kingsbury PLC	Related Company	99,048	117,483
Ravi Industries Ltd	Related Company	-	-
Hayleys Electronics (Pvt) Ltd	Related Company	4,561,684	52,993,990
Puritas (Pvt) Ltd	Related Company	17,700	-
<b>Non-Trade</b>			
Singer (Sri Lanka) PLC	Immediate Parent	-	41,323,135
		<b>16,891,865</b>	<b>105,045,746</b>

### 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	2025	2024
	Rs.	Rs.
Balance as at beginning of the Year	92,241,034	228,893,041
Expenses recognised in Profit or Loss (Note 12)	775,313,569	226,326,142
Income Tax Paid	(458,686,914)	(362,978,149)
WHT Set-off	(6,052,382)	-
Balance as at end of the Year	<b>402,815,307</b>	<b>92,241,034</b>

### 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. Temporary differences in relation to the right-of-use asset and a lease liability regarded as a net package (ROU asset and Lease liability) for the purpose of recognizing deferred tax. 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.

### 31.1 Deferred Tax (Assets)/ Liabilities

#### Movement of Deferred Tax (Assets)/ Liabilities

As at 31st March	2025	2024
	Rs.	Rs.
Balance as at beginning of the Year	(93,093,404)	(113,392,070)
Origination of timing differences - recognized in Profit or Loss (Note 12)	(168,893,873)	21,836,797
Origination of timing differences - recognized in Other Comprehensive Income	15,532,779	(1,538,131)
Balance as at end of the Year	(246,454,499)	(93,093,404)
Recognised in Statement of Profit or Loss due to during the year transactions	(168,893,873)	21,836,797
Recognised in Statement of Profit or Loss due to (increase)/decrease in Tax Rate	-	-
Deferred tax expense recorded in Profit or Loss	(168,893,873)	21,836,797
Recognised in Other Comprehensive Income during the year transactions	15,532,778	(1,538,131)
Deferred tax expense recorded in OCI	15,532,778	(1,538,131)

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	2025		
	Temporary Difference	Tax Rate	Tax effect
	Rs.	%	Rs.
<b>Deferred Tax Liabilities on:</b>			
Property, Plant and Equipment	(8,931,709)	30	(2,679,513)
Intangible Assets	(14,447,828)	30	(4,334,348)
Lease Rental Receivables	(38,969,645)	30	(11,690,894)
Right of Use Asset	(638,108,662)	30	(191,432,599)
	(700,457,844)		(210,137,353)
<b>Deferred Tax Assets on:</b>			
Impairment Provision	525,897,643	30	157,769,293
Retirement Benefit Obligations	138,959,053	30	41,687,716
Lease Liability	857,116,144	30	257,134,843
	1,521,972,840		456,591,852
Net Deferred Tax Asset	821,514,996		246,454,499

## NOTES TO THE FINANCIAL STATEMENTS

As at 31st March		2024	
	Temporary Difference	Tax Rate	Tax effect
	Rs.		Rs.
<b>Deferred Tax Liabilities on:</b>			
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)
<b>Deferred Tax Assets on:</b>			
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

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### RETIREMENT BENEFIT OBLIGATIONS

GRI 201-3

#### 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.

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	2025	2024
	Rs.	Rs.
Present Value of Unfunded Gratuity	138,959,053	161,996,844
	138,959,053	161,996,844
<b>Provision for Retiring Gratuity</b>		
Balance as at beginning of the year	161,996,844	128,520,489
Expenses recognised in Profit or Loss (Note 32.1)	38,660,636	40,906,400
Transfer of employees from Related Company	4,994,450	-
Actuarial (Gain) / Loss in Other Comprehensive Income	(51,775,927)	5,127,105
	153,876,003	174,553,994
Benefits paid during the Year	(14,916,950)	(12,557,150)
Balance as at end of the Year	138,959,053	161,996,844

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	2025	2024
	Rs.	Rs.
Current Service Cost	19,800,552	18,902,855
Interest Cost	18,860,084	22,003,545
	38,660,636	40,906,400
Actuarial (Gain)/ Loss in Other Comprehensive Income	(51,775,927)	5,127,105

## NOTES TO THE FINANCIAL STATEMENTS

### 32.2 Actuarial Assumptions

Following key assumptions were made in arriving at the above figures

As at 31st March	2025	2024
	Rs.	Rs.
(a) Rate of Discount	11% p.a. (net of tax)	12% p.a. (net of tax)
(b) Salary Increment Rate	10%	11%
(c) Retirement Age	60 years	60 years
(d) Staff Turnover	15%	15%
(e) Average Future Working Life Time (Years)	7.9	7.6

- (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.

In the absence of a deep market in long term bonds in Sri Lanka, a long term interest rate of 11.00% p.a. (2023/24 – 12.00% p.a.) has been used to discount future liabilities considering anticipated long term rate of inflation.

#### (h) Salary increases

A salary increment of 10.00% p.a. (2023/24 – 11.00% p.a.) has been used in respect of the active employees.

### 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 2025.

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	Sensitivity Effect on Retirement Benefit Obligation Increase/ (Decrease)
		Rs.	Rs.
1%		9,288,979	(9,288,979)
-1%		(10,601,378)	10,601,378
	1%	(11,259,212)	11,259,212
	-1%	10,020,335	(10,020,335)

## 32.4 Distribution of Employee Benefit Obligation over Future Working Lifetime

As at 31st March	2025	2024
	Rs.	Rs.
Less than or equal 1 year	15,054,971	21,056,216
Over 1 year and less than or equal 5 years	57,991,287	59,108,565
Over 5 year and less than or equal 10 years	26,473,098	42,611,360
Over 10 years	39,439,697	39,220,703
	138,959,053	161,996,844

## 33 STATED CAPITAL

## 33.1 Issued and Fully Paid

	As at 1st April 2024	Issued for Cash during the Year	Issued for Non-Cash Consideration	As at 31st March 2025
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	2025	2024
	Rs.	Rs.
Statutory Reserve Fund (Note 34.1)	505,755,339	335,410,743
	505,755,339	335,410,743
Regulatory Loss Allowance Reserve Fund (Note 34.2)	-	51,093,499
	-	51,093,499

## NOTES TO THE FINANCIAL STATEMENTS

As at 31st March		2025	2024
		Rs.	Rs.
34.1	<b>Statutory Reserve Fund</b>		
	Balance as at beginning of the Year	335,410,743	254,563,754
	Amount Transfer During the Year	170,344,596	80,846,989
	Balance as at end of the Year	505,755,339	335,410,743

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%.

As at 31st March		2025	2024
		Rs.	Rs.
34.2	<b>Regulatory Loss Allowance Reserve Fund</b>		
	Balance as at beginning of the Year	51,093,499	-
	Amount Transfer /(Reverse) During the Year	(51,093,499)	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).

### 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

For the Year Ended 31st March	Finance Lease		Loan & Advances		Other		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest	3,649,392	2,267,716	4,945,943	4,051,422	387,255	1,261,464	8,982,590	7,580,602
Net Fee and Commission								
Income	159,283	91,193	452,644	286,187	253	731	612,180	378,111
Other Operating Income	31,626	32,499	61,141	69,342	18,496	52,817	111,263	154,658
<b>Total Revenue</b>	<b>3,840,301</b>	<b>2,391,408</b>	<b>5,459,728</b>	<b>4,406,951</b>	<b>406,004</b>	<b>1,315,012</b>	<b>9,706,033</b>	<b>8,113,371</b>
Interest Expense	(1,703,914)	(1,435,211)	(2,305,098)	(2,559,044)	(180,810)	(798,365)	(4,189,822)	(4,792,620)
Depreciation and Amortization	(122,044)	(82,710)	(165,104)	(147,475)	(12,949)	(46,009)	(300,098)	(276,194)
Administration and Selling Expenses	(1,195,064)	(658,600)	(1,615,229)	(1,178,138)	(126,814)	(366,362)	(2,937,107)	(2,203,100)
Allowances for Impairment charges for Loan and Other Losses	(37,494)	180,696	(196,636)	(49,899)	-	-	(234,130)	130,797
Tax on Financial Services	(238,613)	(95,785)	(322,801)	(170,789)	(25,320)	(53,282)	(586,734)	(319,856)
Profit Before Tax	543,172	299,798	854,860	301,606	60,110	50,994	1,458,142	652,398
Income Tax Expense	(225,897)	(114,039)	(355,524)	(114,727)	(24,999)	(19,397)	(606,420)	(248,163)
<b>Profit For The Year</b>	<b>317,275</b>	<b>185,759</b>	<b>499,336</b>	<b>186,879</b>	<b>35,112</b>	<b>31,597</b>	<b>851,723</b>	<b>404,235</b>
Segment Assets	18,495,501	13,144,867	32,584,822	20,162,349	6,036,266	3,287,228	57,116,589	36,594,444
Segment Liabilities	16,518,880	11,271,870	29,102,470	17,289,440	5,391,169	2,818,835	51,012,519	31,380,145
Segment assets include the additions to non current assets	77,299	62,563	136,183	95,963	25,228	15,645	238,710	174,171

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2025	Less than 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
<b>Interest Earning Assets</b>						
Cash and Cash Equivalents	1,830,533,619	-	-	-	-	1,830,533,619
Placements with Banks	2,776,950,496	-	-	-	-	2,776,950,496
Financial Assets at Amortised Cost-Hire Purchase Receivables	-	-	-	-	-	-
Financial Assets At Amortised Cost-Finance Lease Receivables	1,679,195,322	4,126,550,952	8,577,204,466	2,801,089,186	25,149,040	17,209,188,966
Financial Assets at Amortised Cost-Loans and Advances	9,012,089,341	15,474,340,583	4,122,929,281	1,773,415,719	24,312,081	30,407,087,005
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	417,310,106	2,395,345,282	-	-	-	2,812,655,388
Due from Related Companies	24,669,533	-	-	-	-	24,669,533
<b>Total Interest Earning Assets</b>	<b>15,740,748,414</b>	<b>21,996,236,817</b>	<b>12,700,133,747</b>	<b>4,574,504,905</b>	<b>49,461,121</b>	<b>55,061,085,004</b>
Percentage(%)	28.6	39.9	23.1	8.3	0.1	100.0
<b>Interest Bearing Liabilities</b>						
Bank Overdraft	905,920,208	-	-	-	-	905,920,208
Financial Liabilities at Amortised Cost-Due to Customers	13,028,326,052	8,878,815,381	5,852,871,540	517,692,052	36,435,293	28,314,140,318
Financial Liabilities at Amortised Cost-Interest Bearing Loans and Borrowings	5,468,596,422	4,018,783,831	8,040,534,913	1,980,296,352	-	19,508,211,518
Due to Related Companies	16,891,865	-	-	-	-	16,891,865
Lease Liabilities	9,894,122	121,327,067	268,940,088	163,343,495	226,115,434	789,620,206
Supplier Payables	265,859,743	-	-	-	0	265,859,743
<b>Total Interest Bearing Liabilities</b>	<b>19,695,488,412</b>	<b>13,018,926,279</b>	<b>14,162,346,541</b>	<b>2,661,331,899</b>	<b>262,550,727</b>	<b>49,800,643,858</b>
Percentage(%)	39.5	26.1	28.4	5.3	0.5	100.0

As at 31 March 2024	Less than 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
<b>Interest Earning Assets</b>						
Cash and Cash Equivalents	3,825,975,833	-	-	-	-	3,825,975,833
Placement 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	5,380,916,824	8,253,061,418	2,372,700,093	850,206,159	7,235,782	16,864,120,276
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	-	2,478,590,812	-	-	-	2,478,590,812
<b>Total Interest Earning Assets</b>	<b>10,682,022,132</b>	<b>13,793,166,668</b>	<b>8,084,046,979</b>	<b>2,245,413,104</b>	<b>17,657,573</b>	<b>34,822,306,457</b>
Percentage (%)	30.7	39.6	23.2	6.4	0.1	100.0
<b>Interest Bearing Liabilities</b>						
Bank Overdraft	531,808,678	-	-	-	-	531,808,678
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
Supplier Payables	108,175,642	-	-	-	-	108,175,642
<b>Total Interest Bearing Liabilities</b>	<b>18,893,060,758</b>	<b>5,520,825,517</b>	<b>1,712,860,195</b>	<b>4,228,365,217</b>	<b>279,417,223</b>	<b>30,634,528,910</b>
Percentage (%)	61.7	18.0	5.6	13.8	0.9	100.0

## 37 FINANCIAL RISK REVIEW

### 37.1 Financial Risk Management

The Board of Directors holds ultimate accountability for setting up and supervising the company's risk management framework. To support this role, the Board has formed the Integrated Risk Management Committee (IRMC), tasked with formulating and overseeing the company's risk management policies.

The Company's risk management policies are established in identifying and assessing the risks the Company encounters, establishing suitable risk limits and controls, and continuously monitoring both the risks and compliance with these limits.

The Company regularly reviews its risk management policies and systems to adapt to evolving market conditions and changes in its operations. Through comprehensive training and well-defined management standards and procedures, the Company fosters a disciplined and proactive control environment where all employees clearly understand their responsibilities and obligations related to risk management.

The Company's Audit Committee is responsible for overseeing how Management monitors compliance with the Company's risk management policies and procedures, as well as reviewing the adequacy of the overall risk management framework in relation to the risks faced by the Company. To support this oversight role, the Audit Committee is assisted by the internal audit division, which conducts both regular and ad hoc reviews of risk management controls and procedures. The findings from these audits are reported directly to the Audit Committee, enabling it to evaluate the effectiveness of risk management and internal controls comprehensively.

## NOTES TO THE FINANCIAL STATEMENTS

Sri Lanka has been facing an unprecedented economic crisis, causing significant hardships for its people. In response, the IMF approved a 48-month Extended Fund Facility (EFF) totaling about US\$3 billion in March 2023, coupled with a comprehensive economic reform program. This IMF support has been vital in preventing more severe consequences, especially after government spending in 2024 exceeded revenue by more than double. Since then, Sri Lanka has made strong progress, achieving a 5% growth rebound in 2024, improving revenue-to-GDP ratio from 8.2% in 2022 to 13.5% in 2024, and rebuilding gross official reserves to US\$6.5 billion by March 2025. The IMF program continues to support fiscal reforms, debt restructuring, and macroeconomic stability, with ongoing reviews and disbursements linked to reform milestones.

The IMF financing supports Sri Lanka's gradual reform implementation, attracts additional funding from multilateral and bilateral partners, and reassures creditors about restored debt repayment capacity, potentially enabling debt relief. The economic reform program is showing positive signs, with Real GDP growing 5.4% year-on-year in Q4 2024 and inflation easing, indicating a broadening recovery. Policy and treasury bill rates have declined significantly, leading the Company to implement risk mitigation strategies against repricing risk. The improving economic outlook is expected to enhance funding and liquidity conditions. The Company maintains capital and liquidity buffers above regulatory minimums, strengthening its resilience to shocks. In preparing financial statements for the year ended March 31, 2025, management assessed the Company's going concern status, carefully considering economic uncertainties and market volatility.

The going concern evaluation considered multiple scenarios-best case, most likely, and worst case-focusing on key factors such as deposit retention and renewal, regulatory relaxations, profitability projections from income and cost management, excess liquidity, strengthened recovery efforts, undrawn loan facilities, and potential funding lines. After a thorough review, management determined the Company has sufficient resources to continue operations as a going concern.

This assessment aligns with Sri Lanka's broader economic context, where despite ongoing uncertainties and structural challenges, the economy showed a strong 5% growth in 2024 and is projected to grow around 3.5% - 3.9% in 2025 amid easing inflation and improving macroeconomic stability. The Company's prudent risk management and capital buffers position it well to withstand the prevailing economic volatility.

### 37.1.1 Credit Risk

Credit risk refers to the potential financial loss the Company may incur if a customer or counter-party fails to fulfil their contractual obligations. This risk primarily arises from the Company's loans and receivables from customers, amounts due from related parties and other banks, as well as investment debt securities. For effective risk management and reporting, the Company evaluates and consolidates all components of credit risk exposure, including individual obligor default risk, as well as country and sector-specific risks.

#### (i) Settlement Risk

Settlement risk is the possibility of loss arising when one party in a transaction fails to deliver cash, securities, or other assets as contractually agreed at settlement time. This risk occurs because payments or deliveries are not exchanged simultaneously, exposing one party to the risk that the counter-party may default after receiving payment but before fulfilling their obligation.

To mitigate settlement risk, the Company conducts settlements through a settlement or clearing agent for certain transactions, ensuring that trades settle only when both parties have met their contractual obligations. Additionally, settlement limits are incorporated into the credit approval and monitoring processes to control exposure. For free-settlement trades, which carry higher risk, acceptance requires transaction-specific or counter-party-specific approvals from the Company's credit committee, providing an added layer of oversight and risk control.

This approach aligns with industry practices where settlement risk management involves using trusted intermediaries and setting exposure limits to reduce potential losses from counter-party defaults or timing mismatches.

#### (ii) Management of Credit Risk

##### (a) Overview of Management of Credit Risk

A dedicated Credit Department, reporting directly to the Company Credit Committee, manages the Company's credit risk through the following key responsibilities:

Developing credit policies including Credit risk management in collaboration with business units, covering collateral requirements, credit assessment, risk grading, reporting, legal procedures, and regulatory compliance.

Periodic review of the Credit Guidelines, risk appetite statements, risk tolerance levels in consideration of both internal and the external environment (PESTEL) factors.

Setting the authorization framework for approving and renewing credit facilities, with limits delegated to business unit Credit Officers; larger facilities require approval from the related to the higher level Delegated Authorities Credit Committee and Board of Directors.

Reviewing and assessing credit risk exposures exceeding set limits, with the Credit Committee evaluating all such exposures before commitment, including renewals and Post credit review initiations.

Controlling concentration risks by limiting exposures to counter-party, geographic regions, industries, and for investment securities, by issuer, credit rating, market liquidity, and country in line with the Risk Appetite Statement.

Monitoring business units' compliance with exposure limits across industries, countries, and product types, with regular credit quality reports submitted to the Credit Committee, which may mandate corrective actions.

Providing expert advice and guidance to business units to promote best practices in credit risk management throughout the Company.

This structure aligns with best practices where credit risk management operates independently from loan origination, ensuring robust oversight, risk assessment, and compliance monitoring. The delegation of approval limits and rigorous review by a Credit Committee help maintain control over credit exposures and concentrations. Regular reporting and guidance foster consistent risk management standards across the organization.

**(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	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Cash at Banks	1,387,705,789	3,540,198,790	1,387,705,789	3,540,198,790
Placements with Banks	2,776,950,496	254,023,074	2,776,950,496	254,023,074
Loans and Receivables from Customers	49,000,161,793	28,993,093,857	47,616,275,971	27,799,955,737
Financial Assets At Amortised Cost-Debt and Other Financial Instruments	2,812,655,388	2,478,590,812	2,812,655,388	2,478,590,812
Due from Related Companies	24,669,533	-	24,669,533	-
	56,002,142,999	35,265,906,533	54,618,257,177	34,072,768,413

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)	
	2025	2024
	Rs.	Rs.
Individual Customers	46,660,239,254	27,399,118,976
Corporate Customers	956,036,717	400,836,761
	47,616,275,971	27,799,955,737

## NOTES TO THE FINANCIAL STATEMENTS

### (ii) Collateral Held and Other Credit Enhancement

As at 31st March	Net Exposure		Types of Collateral Held
	2025	2024	
Type of credit exposure	%	%	
Hire Purchase Receivables (Note 18.1)	100	100	Vehicles/ Consumer Durables
Finance Lease Receivables (Note 18.2)	100	100	Vehicles/ Machineries
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	Gold 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 18.3)	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 2025	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
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,830,533,616	-	-	-	1,830,533,616
Placement with Banks	2,776,950,496	-	-	-	2,776,950,496
Financial Assets at Amortised Cost-Hire Purchase Receivables	-	-	-	3,218,585	3,218,585
Financial Assets at Amortised Cost-Finance Lease Receivables	-	13,250,042,680	3,531,415,850	921,664,288	17,703,122,818
Financial Assets at Amortised Cost-Loans and Advances	-	26,228,071,829	3,277,008,227	1,788,740,334	31,293,820,390
Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)	2,185,043	-	-	-	2,185,043
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	2,812,655,388	-	-	-	2,812,655,388
	7,422,324,543	39,478,114,509	6,808,424,077	2,713,623,207	56,422,486,336

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
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets</b>					
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	-	13,567,644,403	2,055,753,558	1,951,090,253	17,574,488,214
Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)	2,185,043	-	-	-	2,185,043
Financial Assets at Amortised Cost- Debt and Other Financial Instruments	2,478,590,812	-	-	-	2,478,590,812
	7,024,535,762	21,593,149,311	4,157,097,286	3,242,847,257	36,017,629,616

## (iv) Scenario Probability Weightage

Scenario Probability Weighting applied in measuring Expected Credit Loss are as follows,

As at 31st March	2025			2024		
	Base- Case	Best- Case	Worst- Case	Base- Case	Best- Case	Worst- Case
Assigned Probability Weightage When Measuring ECL	68%	11%	21%	68%	11%	21%

## (v) Sensitivity of Impairment Provision on Loans and Receivables from Customers

	Sensitivity effect on Statement of Financial Position [Increase / (Decrease)] In Impairment Provision				Sensitivity effect on Income Statement
	Stage 1	Stage 2	Stage 3	Total	
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>As at 31st March 2025</b>					
PD 1% Increase across all age buckets	18,910,490	4,695,922	-	23,606,412	(23,606,412)
PD 1% Decrease across all age buckets	(18,910,490)	(4,695,922)	-	(23,606,412)	23,606,412
LGD 1% Increase	37,071,307	28,735,349	16,470,708	82,277,364	(82,277,364)
LGD 1% Decrease	(37,071,307)	(28,735,349)	(16,470,708)	(82,277,364)	82,277,364

## NOTES TO THE FINANCIAL STATEMENTS

	Sensitivity effect on Statement of Financial Position [Increase / (Decrease)] In Impairment Provision				Sensitivity effect on Income Statement
	Stage 1	Stage 2	Stage 3	Total	
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>As at 31st March 2024</b>					
PD 1% Increase across all age buckets	6,104,233	1,721,106	-	7,825,339	(7,825,339)
PD 1% Decrease across all age buckets	(6,104,233)	(1,721,106)	-	(7,825,339)	7,825,339
LGD 1% Increase	12,969,717	13,406,492	12,953,165	39,329,374	(39,329,374)
LGD 1% Decrease	(12,969,717)	(13,406,492)	(12,953,165)	(39,329,374)	39,329,374

### (c) Credit Concentration risk on loans and receivables from customers

#### (i) Product Concentration of Credit Exposure

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			
	2025		2024	
	Rs.	%	Rs.	%
Leasing	17,703,122,818	36%	11,415,367,935	39%
Hire Purchase	3,218,585	0%	3,237,705	0%
Loans and Advances	31,293,820,390	64%	17,574,488,217	61%
	49,000,161,793	100%	28,993,093,857	100%

As at 31st March	Net Exposure			
	2025		2024	
	Rs.	%	Rs.	%
Leasing	17,209,188,966	36%	10,935,835,461	39%
Hire Purchase	-	0%	-	0%
Loans and Advances	30,407,087,005	64%	16,864,120,276	61%
	47,616,275,971	100%	27,799,955,737	100%

**(ii) Geographical Concentration of Credit Exposure**

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	Exposure (Net of Impairment)			
	2025		2024	
	Rs.	%	Rs.	%
Central	4,983,338,605	10%	2,866,761,017	10%
Eastern	1,225,242,970	3%	473,803,449	2%
North Central	3,056,675,047	6%	1,780,854,855	6%
North Western	8,073,398,478	17%	5,186,315,442	19%
Northern	2,920,594,206	6%	1,319,498,761	5%
Sabaragamuwa	1,488,400,742	3%	896,056,168	3%
Southern	4,658,137,837	10%	2,954,145,562	11%
Uva	1,098,748,963	2%	706,594,526	3%
Western	20,111,739,123	42%	11,615,925,957	42%
	47,616,275,971	100%	27,799,955,737	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 company based on its risk appetite.

As at 31st March	Exposure (Net of Impairment)			
	2025		2024	
	Rs.	%	Rs.	%
Agriculture	3,660,905,860	8%	2,476,796,347	9%
Tourism	1,019,618,812	2%	517,231,649	2%
Transport	4,964,168,569	10%	5,328,293,631	19%
Construction	1,425,279,465	3%	1,777,797,283	6%
Services	4,043,963,689	8%	4,564,206,386	16%
Consumption	32,502,339,576	68%	13,135,630,441	47%
	47,616,275,971	100%	27,799,955,737	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.

### Analysis of Loan Portfolio Ageing & Impairment Provision

The aging of receivables at the reporting date was

As at 31st March	2025			2024		
	Gross	Impairment	Net	Gross	Impairment	Net
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Not past due	30,437,176,163	131,029,185	30,306,146,978	17,044,926,891	90,210,061	16,954,716,830
Past due 1-30 days	9,134,392,206	77,129,647	9,057,262,559	4,839,479,124	33,239,464	4,806,239,660
Past due 31-90 days	6,776,784,818	165,091,786	6,611,693,032	4,006,334,029	82,261,178	3,924,072,851
Past due more than 90 days	2,651,808,606	1,010,635,204	1,641,173,402	3,102,353,813	987,427,417	2,114,926,396
	49,000,161,793	1,383,885,822	47,616,275,971	28,993,093,857	1,193,138,120	27,799,955,737

### (v) Financial Investments

#### (a) Placement with Banks

As at 31st March	2025		2024	
	Rs.		Rs.	
Rating				
A	Nations Trust Bank PLC	2,503,848,798		
A	Nations Trust Bank PLC	273,101,698	Nations Trust Bank PLC	254,023,074
		2,776,950,496		254,023,074

#### (b) Financial Assets at Amortised Cost-Debt and Other Financial Instruments

As at 31st March	2025	2024
	Rs.	Rs.
Government Securities	2,812,655,388	2,478,590,812
	2,812,655,388	2,478,590,812

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
Bank of Ceylon	AA-
Commercial Bank of Ceylon PLC	AA-
Hatton National Bank PLC	AA-
Sampath Bank PLC	AA-
Seylan Bank PLC	A+
Cargills Bank PLC	A
DFCC Bank PLC	A
The National Development Bank PLC	A
Nations Trust Bank PLC	A
Pan Asia Banking Cor. PLC	BBB

#### 37.1.2 Liquidity Risk

Liquidity risk refers to the risk that the Company may face challenges in fulfilling its obligations related to financial liabilities, which require payment in cash or other financial assets.

Management of liquidity risk,

The Company's liquidity risk management framework aims to ensure it can meet payment obligations at all times and manage liquidity and funding risks within its risk appetite. The Board of Directors sets the overall liquidity strategy and delegates oversight to the Asset and Liability Committee (ALCO), which approves liquidity policies and procedures. Day-to-day liquidity is managed by the Treasury department, which monitors daily liquidity reports and submits summary reports, including exceptions and remedial actions, to ALCO.

Key elements of the Company's liquidity strategy include:

- Maintaining a diversified funding base from retail, corporate, and wholesale sources, along with contingency facilities.
- Holding a portfolio of highly liquid assets diversified by currency and maturity.
- Monitoring liquidity ratios, maturity mismatches, behavioral patterns of assets and liabilities, and the encumbrance of assets.
- Conducting regular stress testing under various scenarios, including both company-specific and market-wide events, to ensure resilience under stressed conditions

The Treasury division coordinates with business units to assess liquidity profiles and projected cash flows, maintaining sufficient short-term liquid assets. Liquidity costs are considered in performance assessments through fund transfer pricing. The framework also includes a contingency funding plan and is subject to ongoing review to ensure it remains effective and aligned with regulatory expectations.

## NOTES TO THE FINANCIAL STATEMENTS

The following are contractual maturities of financial liabilities.

31st March 2025	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.
<b>Financial Assets</b>							
Cash and Cash Equivalents	1,830,533,616	1,830,533,616	1,830,533,616	-	-	-	-
Placement with Banks	2,776,950,496	2,824,196,814	2,824,196,814	-	-	-	-
Financial Assets at Amortised cost-Hire Purchase Receivables	-	-	-	-	-	-	-
Financial Assets at amortised cost-Finance Lease Receivables	17,209,188,966	23,291,223,854	4,482,474,285	4,151,412,639	6,864,671,297	7,765,725,838	26,939,795
Financial Assets at Amortised cost-Loans and Advances	30,407,087,005	30,277,138,559	14,743,873,783	7,683,205,722	3,705,972,146	4,117,296,055	26,790,853
Financial Assets Measured at Fair Value Through Other Comprehensive Income	2,185,043	2,185,043	2,185,043	-	-	-	-
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	2,812,655,388	2,932,978,820	1,729,702,239	1,203,276,581	-	-	-
Due from Related Companies	24,669,533	24,669,533	24,669,533	-	-	-	-
	55,063,270,047	61,182,926,239	25,637,635,313	13,037,894,942	10,570,643,443	11,883,021,893	53,730,648

31st March 2025	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.
<b>Financial Liabilities</b>							
Bank Overdrafts	905,920,208	989,083,683	989,083,683	-	-	-	-
Securitization Loans	10,624,653,774	11,801,770,814	1,808,702,133	2,363,945,012	5,579,409,315	2,049,714,354	-
Secured Bank Loans	6,749,527,970	7,313,645,455	5,682,181,595	361,135,144	635,164,358	635,164,358	-
Unsecured Debenture Issues	2,134,029,774	2,391,414,950	172,275,199	-	2,219,139,751	-	-
Due to Related Companies	16,891,865	19,025,308	19,025,308	-	-	-	-
Other Liabilities	935,960,574	935,960,574	935,960,574	-	-	-	-
Lease Liabilities	789,620,206	1,162,364,070	115,379,071	109,963,193	181,141,334	469,727,648	286,152,824
Financial Liabilities at Amortised Cost-Due to Customers	28,314,140,318	30,025,050,962	16,433,294,278	6,268,178,667	4,549,792,116	2,736,049,868	37,736,033
	50,470,744,689	54,638,315,816	26,155,901,841	9,103,222,016	13,164,646,874	5,890,656,228	323,888,857

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.
<b>Financial Assets</b>							
Cash and Cash Equivalents	3,825,975,833	3,825,975,833	3,825,975,833	-	-	-	-
Placement with Banks	254,023,074	254,973,828	254,973,828	-	-	-	-
Financial Assets at Amortised cost-Hire Purchase Receivables	-	-	-	-	-	-	-
Financial Assets at Amortised cost-Finance Lease Receivables	10,935,835,461	14,433,425,001	3,095,144,169	2,768,254,950	4,327,771,730	4,230,500,215	11,753,937
Financial Assets at Amortised cost-Loans and Advances	16,864,120,276	15,599,041,020	6,884,177,080	4,667,929,673	1,841,148,515	2,198,084,703	7,701,049
Financial Assets Measured at Fair Value Through Other Comprehensive Income	2,185,043	2,185,043	2,185,043	-	-	-	-
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	463,761,000	450,000,000	450,000,000	-	-	-	-
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	2,478,590,812	2,560,000,000	2,560,000,000	-	-	-	-
	34,824,491,499	37,125,600,725	17,072,455,953	7,436,184,623	6,168,920,245	6,428,584,918	19,454,986

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.
<b>Financial Liabilities</b>							
Bank Overdrafts	531,808,678	598,976,113	598,976,113	-	-	-	-
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 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	-	-	-	-
Other Liabilities	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
	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

### 37.1.3 Market Risk

Market risk refers to the risk that fluctuations in market prices-such as interest rates, equity prices, foreign exchange rates, and credit spreads (excluding changes related to the creditworthiness of obligors or issuers) will impact the Company's earnings or the value of its financial instrument holdings.

Market risk comprises of:

- (a) Interest Rate Risk
- (b) Currency Risk
- (c) Price 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.

To mitigate interest rate risk, companies use various strategies including:

- Fixing interest rates on loans to avoid exposure to rising rates.
- Using interest rate caps or options to limit maximum interest costs on floating-rate debt.
- Employing interest rate swaps to exchange floating rates for fixed rates or vice versa, helping to align interest rate exposure with risk appetite.

Effective management involves assessing risk exposure, setting risk appetite, and frequently reviewing risk metrics to ensure prudent levels of interest rate risk are maintained.

#### Profile

At the reporting date, the interest rate profile of the Company interest bearing financial instruments was,

As at 31st March	2025	2024
	Rs.	Rs.
<b>Fixed Rate Instruments</b>		
Financial Assets	53,208,066,896	30,534,754,666
Financial Liabilities	(17,660,274,024)	(23,540,336,652)
	35,547,792,874	6,994,418,014
<b>Variable Rate Instruments</b>		
Financial Assets	-	-
Financial Liabilities	(31,067,998,020)	(6,041,487,279)
	(31,067,998,020)	(6,041,487,279)

	Profit or Loss		Equity Net of Tax	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs.	Rs.	Rs.	Rs.
<b>31st March 2025</b>				
Variable Rate Instruments	(310,679,980)	310,679,980	(217,475,986)	217,475,986
Cash Flow Sensitivity (Net)	(310,679,980)	310,679,980	(217,475,986)	217,475,986
<b>31st March 2024</b>				
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

#### (b) Currency Risk

Currency risk refers to the potential for fluctuations in the value of financial instruments due to changes in foreign exchange rates. This risk arises when a company holds assets or liabilities denominated in currencies other than its functional or reporting currency.

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.

At SFLP, we actively monitor currency exposures by aligning our activities with the forex dealing unit's prevailing rates. We implement strategies to manage currency holdings across various denominations, seeking opportunities to exchange and convert currencies in ways that maximize profitability. When setting rates for our customers, we carefully consider anticipated movements and trends in the foreign exchange market, aiming to stay in step with Central Bank rate forecasts. This approach helps us remain competitive and responsive to market dynamics.

Foreign currency exposures of the Company is shown below:

As at 31st March	2025			2024		
	Amount	Rate	Value	Amount	Rate	Value
		Rs.			Rs.	
USD	69,286	299.88	20,777,486	37,037	296.25	10,972,211
EUR	26,166	324.49	8,490,605	35,396	319.65	11,314,464
GBP	1,935	378.71	732,804	2,449	383.44	938,905
SGD	1,380	222.48	307,000	2,095	220.88	462,753
CHF	458	331.13	151,658	459	335.73	154,101
CAD	415	220.80	91,632	416	207.01	86,116
AUD	368	195.58	71,973	357	186.16	66,460

## NOTES TO THE FINANCIAL STATEMENTS

The below sensitivity analysis shows changes in Rs., against foreign currencies which would have increased/ (decreased) impact to Company's financial performance.

Foreign currency exposures of the Company is shown below:

As at 31st March	2025			2024	
	Shock	Strengthening	Weakening	Strengthening	Weakening
	%	Rs.	Rs.	Rs.	Rs.
USD	1	207,775	(207,775)	109,721	(109,721)
EUR	1	84,908	(84,908)	113,145	(113,145)
USD	3	623,325	(623,325)	329,163	(329,163)
EUR	3	254,723	(254,723)	339,436	(339,436)
USD	5	1,038,875	(1,038,875)	548,605	(548,605)
EUR	5	424,538	(424,538)	565,727	(565,727)

### (c) Price Risk

#### Government Security Price Sensitivity

Government Security price risks arises as a result of fluctuations in market prices of Government securities and Management conduct mark-to-market calculation on monthly basis and on a need basis to identify the impact.

As at 31st March	2025			2024		
	Financial Assets Measured at (FVTPL)	Financial Assets at Amortised Cost-Debt and Other Financial Instruments	Total	Financial Assets Measured at (FVTPL)	Financial Assets at Amortised Cost-Debt and Other Financial Instruments	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Government Securities	-	2,812,655,388	2,812,655,388	463,761,000	2,478,590,812	2,942,351,812

The following table exhibits the impact on market value of the Government Securities held due to a shock of 10% on market rate:

As at 31st March	2025			2024		
	Impact on Profit	Impact on OCI	Impact on Net Assets	Impact on Profit	Impact on OCI	Impact on Net Assets
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10% Shock on the Market Rate (Increase)	(1,191,275)	-	(1,191,275)	(1,454,062)	-	(1,454,062)
10% Shock on the Market Rate Decrease	1,191,275	-	1,191,275	1,454,062	-	1,454,062

Finance companies face price risk from gold primarily because gold-backed loans use gold as collateral, exposing fluctuations in gold prices. A fall in gold prices can reduce the collateral value, increasing credit risk and potential loan defaults if borrowers cannot repay.

During the period ended 31st March 2025, it is being witnessed an increasing movement of gold prices mainly due to the geopolitical uncertainties. There is negative correlation of the gold prices to the interest rates and Last Fed rate cut by 25 bps, had been made on 18th December 2024 during the period under consideration.

The below table shows stress testing results that may arise from potential price drops irrespective to the fact that increasing price trend is being witnessed to the reporting date.

As at	Portfolio Value (Gross)	Market Value	Margin of Safety (Cushion)	Gross	Capital	If Prices Drop by 5%			If Prices Drop by 10%		
				LTV (Based on Market Value)	LTV (Based on Market Value)	Market Value	Margin of Safety (Cushion)	LTV (Based on Market Value)	Market Value	Margin of Safety (Cushion)	LTV (Based on Market Value)
	Rs. Mn	Rs. Mn	%	%	%	Rs. Mn	%	%	Rs. Mn	%	%
31st March 2025	9,845	14,110	30.23	69.77	67.72	13,404	26.55	73.45	12,699	22.47	77.53
31st March 2024	6,525	7,844	16.81	83.19	79.00	8,280	21.19	78.81	7,844	16.81	83.19

Based on the 24K gold carotage price in Sea Street at Rs. 245,000 and Rs. 178,000 by 31st March 2025 and 2024 respectively.

#### 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 all of the Company's operations. 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 innovation. In all cases, Company policy requires compliance with all applicable legal and regulatory requirements. The Board of Directors has delegated responsibility for operational risk to its Company Risk Committee, which is responsible for the development and implementation of controls to address operational risk.

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:

- ☉ Segregation of Duties and Independent Authorization
  - Critical tasks, especially transaction authorization, must be separated among different individuals to prevent fraud and errors. The person authorizing transactions should be independent of those initiating, executing, or recording them.
- ☉ Reconciliation and Monitoring of Transactions
  - Regular reconciliation of accounts and monitoring of transactions must be performed by independent personnel to detect discrepancies and ensure accuracy.
- ☉ Compliance with Regulatory and Legal Requirements
  - Policies and procedures must ensure full compliance with applicable laws, regulations, and corporate governance standards.
- ☉ Documentation of Controls and Procedures
  - All operational risk controls and processes must be clearly documented, regularly reviewed, and updated to reflect changes in the risk environment.
- ☉ Periodic Assessment of Operational Risks and Controls
  - Organizations must conduct regular risk assessments to identify operational risks and evaluate the effectiveness of controls, adjusting them as necessary.

## NOTES TO THE FINANCIAL STATEMENTS

- ◎ Reporting of Operational Losses and Remedial Actions
  - Operational losses and incidents must be promptly reported to management, with root cause analysis and proposed corrective measures documented and tracked.
- ◎ Development of Contingency Plans
  - Business continuity and disaster recovery plans should be developed and tested to ensure operational resilience against disruptions.
- ◎ Training and Professional Development
  - Continuous training programs are essential to build awareness and competency in operational risk management across all levels of staff.
- ◎ Ethical and Business Standards
  - A strong risk culture promoting ethical behavior and adherence to corporate standards is critical to effective risk management.
- ◎ Risk Mitigation, Including Insurance:
  - Where cost-effective, risk transfer mechanisms such as insurance should be used to mitigate potential operational losses.

These elements form the foundation of a robust Operational Risk Management Framework that aligns with regulatory expectations and supports sustainable business operations.

### 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 companies' exposure to risk. Capital serves as a comfort to absorb unexpected losses, providing a degree of security to depositors and other key stakeholders.

This measure has been introduced by the Central Bank of Sri Lanka to protect the interest of the various stakeholders of the Company while ensuring the maintenance of confidence and stability of the financial system.

The capital adequacy ratio is calculated as a percentage on company's capital to its risk weighted assets as specified by the direction No. 03 of 2018.

Based on the Direction No. 03 of 2018 the Licensed Finance Companies which are having asset base less than 100 Billion need to be have minimum Core Capital Ratio (Tier-I) of 8.5% and Total Capital Ratio (Tier-II) of 12.5%.

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.

#### Capital Adequacy Ratio

As at 31st March	2025	2024
	Rs.	Rs.
Tier 1 Capital	5,772,256,036	4,980,143,921
Tier 2 Capital	6,903,392,124	5,913,477,255
Total Risk - Weighted Assets	52,555,337,063	31,889,606,099
Tier 1 Capital Ratio	10.98%	15.62%
Total Capital Ratio	13.14%	18.54%

## NOTES TO THE FINANCIAL STATEMENTS

### 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 Capital 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.

As at 31st March	2025	2024
	Rs.	Rs.
Within one year	9,305,064	9,305,064

#### 38.2 Contingencies

- (a) The Commissioner General of Inland Revenue has issued an assessment notice to Singer Finance (Lanka) PLC regarding an additional surcharge tax liability for the taxable period from 1st April 2020 to 31st March 2021. The assessment includes a surcharge tax of Rs. 333.5 million and interest of Rs. 49.7 million, totaling Rs. 383.2 million.

After an extensive evaluation of the circumstances and tax legislation, management asserts that there are valid reasons to contest the assessment. Therefore, the Company has initiated an appeal for an administrative review.

- (b) The Commissioner General of Inland Revenue has issued an assessment notice to Singer Finance (Lanka) PLC regarding an additional Income tax liability for the taxable period from 1st April 2020 to 31st March 2021. The assessment includes a Income tax of Rs. 102.2 million and interest of Rs. 49 million, totalling Rs. 151.2 million.

After an extensive evaluation of the circumstances and tax legislation, management asserts that there are valid reasons to contest the assessment. Therefore, the Company has initiated an appeal for an administrative review.

- (c) The Commissioner General of Inland Revenue has issued an assessment notice to Singer Finance (Lanka) PLC regarding an additional Income tax liability for the taxable period from 1st April 2021 to 31st March 2022. The assessment includes an Income tax of Rs. 22.8 million and interest of Rs. 9.9 million, totaling Rs. 32.7 million.

After an extensive evaluation of the circumstances and tax legislation, management asserts that there are valid reasons to contest the assessment. Therefore, the Company has initiated an appeal for an administrative review.

#### 38.3 Assets Pledged

Company has given a pledge amounting to Rs.25,663,430,203/- over the Company's Lease receivable and Loans for the following banks loans, Overdrafts, Securitization having a carrying value of Rs.19,114,381,820/- as at 31st March 2025. As at 31st March 2024, the negative pledge was Rs. 8,498,100,000, with a carrying value of Rs. 6,237,000,000.

As at 31st March 2025		Outstanding Credit Facility	Carrying Value
		Rs.	Rs.
Sampath Bank PLC	130% of the Banks's exposure	Loan	500,000,000
		Overdraft Facility	300,000,000
			1,040,000,000
Commercial Bank of Ceylon PLC	150% of the Banks's exposure	Overdraft Facility	200,000,000
Seylan Bank PLC	130% of the Banks's exposure	Loan	800,000,000
		Overdraft Facility	250,000,000
			1,365,000,000
Nations Trust Bank PLC	130% of the Banks's exposure	Loan	4,175,000,000
		Overdraft Facility	200,000,000
			5,687,500,000

As at 31st March 2025			Outstanding Credit Facility	Carrying Value
			Rs.	Rs.
National Development Bank PLC	130% of the Banks's exposure	Loan	400,000,000	650,000,000
		Overdraft Facility	100,000,000	
Cargills Bank PLC	150% of the Banks's exposure	Loan	500,000,000	750,000,000
Bank of Ceylon	130% of the Banks's exposure	Loan	300,000,000	390,000,000
Pan Asia Banking Co. PLC	200% of the Company exposure	Loan	963,905,481	1,927,810,962
DFCC Bank PLC	130% of the Banks's exposure	Loan	100,000,000	130,000,000
Trustee (Hatton National Bank PLC & National Savings Bank)	130% of the Banks's exposure	Securitization	10,325,476,340	13,423,119,241
			19,114,381,821	25,663,430,203

As at 31st March 2024			Outstanding Credit Facility	Carrying Value
			Rs.	Rs.
Sampath Bank PLC	130% of the Banks's exposure	Loan	500,000,000	1,040,000,000
		Overdraft Facility	300,000,000	
Commercial Bank of Ceylon PLC	150% of the Banks's exposure	Overdraft Facility	200,000,000	300,000,000
Seylan Bank PLC	130% of the Banks's exposure	Loan	925,000,000	1,527,500,000
		Overdraft Facility	250,000,000	
Nations Trust Bank PLC	130% of the Banks's exposure	Loan	1,800,000,000	2,600,000,000
		Overdraft Facility	200,000,000	
Cargills Bank PLC	130% of the Banks's exposure	Loan	200,000,000	260,000,000
Bank of Ceylon	130% of the Banks's exposure	Loan	300,000,000	390,000,000
Pan Asia Banking Co. PLC	130% of the Company exposure	Loan	500,000,000	1,000,000,000
National Development Bank PLC	130% of the Banks's exposure	Loan	400,000,000	650,000,000
		Overdraft Facility	100,000,000	
Trustee (Hatton National Bank PLC & National Savings Bank)	130% of the Banks's exposure	Securitization	562,000,000	730,600,000
			6,237,000,000	8,498,100,000

### 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	2025 Rs.	2024 Rs.
Hayleys PLC (Ultimate Parent)	Expenses Paid Through Hayleys PLC	98,831,484	60,059,383
	Balance Settlement	96,054,703	103,506,145
Singer (Sri Lanka) PLC (Immediate Parent)	Withdrawals of Rental Collections From Singer (Sri Lanka) PLC	1,762,583,278	1,536,248,874
	Sales Financed to purchase goods from Singer (Sri Lanka) PLC	-	73,698
	Balance Settlement During The Year	292,000,000	328,240,611
	Purchase of Assets	78,780,728	52,936,497
	Interest Income / Expense	3,552,434	3,432,049
	Rental Collections through Singer (Sri Lanka) PLC	1,867,832,968	1,537,851,792
	Service Charge Income	-	-
	Collection Commission Paid	22,562,263	18,187,423
	Royalty Expense Charged During The Period	89,913,968	65,966,001
	Rent Reimbursed	9,045,064	10,255,662
	Expenses Paid Through Singer (Sri Lanka) PLC	206,183,294	209,708,029
Hayleys Business Solutions International (Pvt) Ltd (Related Company)	Payroll Processing Charges	1,672,173	1,173,424
	Balance Settlement	1,598,196	1,155,886
Fentons Ltd (Related Company)	Purchased of Assets/ Services Obtained	12,860,920	25,983,205
	Balance Settlement	14,172,413	24,103,265
	Finance Lease Rental Collection	1,797,065	26,440,593
Energynet (Pvt) Ltd (Related Company)	Purchased of Assets/ Services Obtained	215,522	2,993,962
	Balance Settlement	1,440,256	2,841,470
Hayleys Electronics (Pvt) Ltd (Related Company)	Sales Financed through group sales	55,506,561	194,930,250
	Balance Settlement	103,938,867	141,936,260
Mabroc Teas (Pvt) Ltd (Related Company)	Purchases	2,297,184	2,201,704
	Balance Settlement	2,297,184	2,201,704
The Kingsbury PLC (Related Company)	Purchases	1,842,105	1,380,360
	Balance Settlement	1,860,541	1,359,112
Amaya Leisure PLC (Related Company)	Finance Lease Renatal Collection	4,904,134	3,888,000
Puritas (Pvt) Ltd (Related Company)	Purchased of Assets/ Services Obtained	245,440	-
	Balance Settlement	227,740	-
Hayleys Aventura (Pvt) Ltd (Related Company)	Purchased of Assets/ Services Obtained	142,544	-
	Balance Settlement	142,544	-

#### 40.3 Net Accommodation Outstanding in Respect of Each Category of Related Parties as a Percentage of the Company's Core Capital

	2025		2024	
	Percentage of the Core Capital		Percentage of the Core Capital	
	Rs.		Rs.	
<b>Directors</b>	-		-	-
KMP	6,721,188	0.12%	6,283,638	0.13%
Directors and their close family members	-		-	-
Key Management personnel and their close family members	-		-	-
<b>Subsidiaries</b>	-		-	-
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 related company	2,634,795	0.05%	8,990,009	0.20%

#### 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 2024/25	Aggregate Value of Related Party Transactions as a % of Gross Revenue 2024/25	Terms and Conditions of the Related Party Transactions
			Rs.	%	
Singer (Sri Lanka) PLC	Immediate Parent	Withdrawals of Rental Collections From Singer (Sri Lanka) PLC	1,762,583,278	18%	Interest rate at the market rate
		Rental Collections through Singer (Sri Lanka) PLC	1,867,832,968	23%	

40.5 The amount due to Singer (Sri Lanka) PLC as at 31 March 2025, 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 have been classified as Key Management Personnel of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

		2025	2024
		Rs.	Rs.
<b>(i) Transactions Key Management Personnel or Close Family Members</b>			
Directors of Singer Finance (Lanka) PLC	Deposits Placed	47,100,000	25,214,522
	Withdrawals	41,070,000	14,158,620
	Deposits Balance as at	129,456,523	179,988,355
Director's Immediate Family Members of Singer Finance (Lanka) PLC	Deposits Placed	2,000,000	5,960,000
	Withdrawals	-	-
	Deposits Balance as at	84,556,276	24,663,119
<b>(ii) Compensation of Key Management Personnel</b>			
Short-Term Employee Benefits	- Directors	36,178,430	33,423,157

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.

(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.

### 41 COMPARATIVE INFORMATION

The presentation and classification of the following items in these financial statements are amended to ensure the comparability with the current year.

	As disclosed previously	Current presentation	Adjustment
	Rs.	Rs.	Rs.
<b>Income Statement</b>			
Interest Income	7,572,616,014	7,580,601,428	7,985,414
Other Operating Income	162,643,621	154,658,207	(7,985,414)
Impairment (Charges)/ Reversal for Loans & Receivables	126,973,390	130,796,891	3,823,501
Other Operating Expenses	1,210,611,837	1,214,435,338	3,823,501
<b>Financial Position</b>			
Financial Assets at Amortised Cost-Loans and Advances	16,774,011,526	16,864,120,276	90,108,750
Other Assets	342,724,160	252,615,410	(90,108,750)

Accordingly, loans granted to company employees, previously classified under "Other Assets," have now been reclassified under "Financial Assets at Amortised Cost - Loans and Advances".

As a result of this reclassification:

- Rs. 90,108,750 was transferred from Other Assets to Loans and Advances in the Statement of Financial Position.
- This change is a reclassification only and has no impact on the total assets or net results reported previously.
- The changes relevant to the Income Statement were also made to align with the current presentation format, with no effect on the profit for the year.

## RELATED COMPANIES

Following is the details of related companies including name, their relationship, principal activities and name of the directors.

Transactions that have been carried out by the company with the related companies has been disclosed under the note number 40.6 of the financial statements.

Company Name	Relationship	Principal Activities	Directors
Hayleys PLC	Ultimate Parent	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 Mr. K.D.D. Perera Mr. S.C. Ganegoda Mr. H.S.R. Kariyawasan Dr. H. Cabral, PC Mr. L.R.V. Waidyaratne Mr. R.J. Karunarajah Ms. J. Dharmasena Mr. K.D.G. Gunaratne Mr. M.Y.A. Perera Mr. T.A.B. Speldewinde Mr. P.Y.S. Perera Mr. A.J. Alles
Singer (Sri Lanka) PLC	Immediate Parent	Trading in Sewing Machines, Industrial Machines, Electrical Equipment & Consumer Durables, Personal Computers, Agricultural Equipment & Furniture.	Mr. A.M. Pandithage Mr. M.H. Wijewardena Mr. D. Sooriyaarachchi Mr. S.C. Ganegoda Mr. D.K. De S. Wijeyeratne Mrs. G. De Alwis Ms. K.A.D.B. Perera Ms. A.A.K. Amarasinghe Mr. A.J. Alles
Hayleys Travels	Related Company	Flight Tickets, Holiday Packages, VISA services, Travel Insurance & Rent a car.	Mr. A.M. Pandithage Mr. J.G. Victoria Mr. L.R.V. Waidyaratne Mrs. V. Jayasundera Mr. M.I.S. Sabar Mr. M.R.S. Ahmed Mr. U.D.C. Priyantha

## RELATED COMPANIES

Company Name	Relationship	Principal Activities	Directors
Hayleys Fentons Ltd	Related Company	Mechanical, Electrical and Plumbing services.	Mr. A.M. Pandithage Mr. S.C. Ganegoda Mr. H.P.G.S.E.M. De Alwis Mr. H.C. Prematillake Mr. M.Y.A. Perera Mr. R.S.S. Perera Mr. P.B.Gunawardana Mr. J.M.J. Perera
Hayleys Business Solutions International (Pvt) Ltd	Related Company	Providing Business Process Management Services.	Mr. A.M. Pandithage Mr. S.C. Ganegoda Ms. R. Malewana Mr. L. Somaratne Mr. M.S. Mohamed
Energynet (Pvt) Ltd	Related Company	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. H.C. Prematillake Mr. P.B. J.Gunawardana Mr. R.S.S. Perera
Mabroc Teas (Pvt) Ltd	Related Company	Tea Manufacturers and Exporters.	Mr. A.M. Pandithage Mr. A. Weerakoon Mr. N.R. Ranatunga Mr. S.C. Hikkaduwege Dr. W.G.R. Rajadurai Mr. S.C. Ganegoda Mr. R.S. Samarasinghe
The Kingsbury PLC	Related Company	Hospitality and Leisure Services.	Mr. A.M. Pandithage Mr. S.C. Ganegoda Mr. D.T.R. De Silva Ms. K.A.D.B. Perera Mr. R.J. Karunarajah

Company Name	Relationship	Principal Activities	Directors
The Kingsbury PLC (Contd.)	Related Company	Hospitality and Leisure Services.	Mr. N.J. De S. Deva Aditya Ms. R.N. Ponnambalam Mr. T.A.B. Speldewinde Mr. A.J. Alles
Hayleys Electronics (Pvt) Ltd	Related Company	Lightning Electric and Electronic products Providers.	Mr. A.M. Pandithage Mr. S.C. Ganegoda Mr. H.C. Prematillake Mr. H.P.G.S.E.M. De Alwis Mr. P.B.J. Gunawardena
Puritas (Pvt) Ltd	Related Company	Water Related Services.	Mr. A.M. Pandithage Mr. H.S.R. Kariyawasan Mr. I.A.S.L. Athukorala Mrs. M.J.A.S. Abeyratne Mr. B. Balaratnarajah Mr. M.L. Wickramasinghe
Hayleys Aventura (Pvt) Ltd	Related Company	Industrial Services.	Mr. A.M. Pandithage Mr. J.A.W.M. Jayasekera Mr. C. Kapugeekiyana Mr. M.Y.A. Perera Mr. D. Rangalla Ms. W.A.I. Sugathadasa Mr. S.C. Ganegoda Mr. H.A. Wijayananda Mrs. K.S.S.B. Jayakody Dr.C.Pethiyagoda

# TEN YEAR SUMMARY

For the Year Ended 31st March	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Operating Results</b>										
Income	9,706,033	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
Interest Expense	4,189,822	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
Non-Interest Expense (Personal Cost, Admin and Selling and Impairment)	3,471,334	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
Value Added Tax (VAT), Nation Building Tax (NBT) and Debt Repayment Levy (DRL) on Financial Services, Social Security Contribution Levy	586,734	319,856	316,713	287,570	212,687	259,867	260,956	171,063	125,789	81,784
Profit Before Tax	1,458,143	652,398	678,573	958,669	601,801	630,310	722,904	700,299	568,214	646,813
Provision for Taxation	606,420	248,163	269,529	337,529	191,674	241,269	181,170	257,153	198,385	205,958
Profit After Tax	851,723	404,235	409,044	621,140	410,127	389,041	541,734	443,146	369,830	440,855
Other Comprehensive Income for the Year, Net of Taxes	36,243	(3,524)	6,231	(3,303)	(840)	970	(1,290)	(6,506)	1,159	720
Total Comprehensive Income for the Year	887,966	400,711	415,275	617,837	409,287	390,011	540,444	436,639	370,988	440,135
Dividends	-	161,659	161,659	161,659	-	-	222,281	196,011	175,253	248,000
<b>As at 31st March</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Assets</b>										
Liquid assets	7,420,139	6,558,591	5,963,424	2,427,991	1,895,119	1,105,660	1,024,005	1,048,590	797,195	666,326
Investments	2,185	2,185	2,120	41	41	41	41	41	41	41
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	-	463,761	-	-	-	-	-	-	-	-
Advances	47,616,276	27,799,956	24,274,535	26,434,091	21,185,256	20,254,602	17,927,792	14,420,414	11,597,057	10,083,309
Other Assets	374,684	252,615	216,670	162,420	166,092	163,130	210,976	156,284	147,516	138,858
Property, Plant & Equipment	710,857	638,235	623,902	444,453	372,602	327,720	221,885	120,587	124,658	111,233
Due from Related Companies	24,670	-	-	-	418,492	185,522	92,444	336,269	201,865	-
Intangible Assets	83,215	87,825	80,387	69,459	44,414	42,277	46,293	49,420	32,011	36,041
Deferred Tax Assets	246,454	93,093	113,392	78,675	5,207	-	15,632	-	-	-
Right-of-Use Assets / Lease Assets	638,109	698,183	674,409	645,887	583,989	468,490	-	-	-	-
<b>Total Assets</b>	<b>57,116,589</b>	<b>36,594,444</b>	<b>31,948,839</b>	<b>30,263,017</b>	<b>24,671,212</b>	<b>22,547,442</b>	<b>19,539,068</b>	<b>16,131,605</b>	<b>12,900,343</b>	<b>11,035,808</b>
<b>Liabilities</b>										
Interest-Bearing Loans & Borrowings	20,414,133	7,402,312	6,071,614	11,377,675	7,772,403	9,846,529	6,631,191	4,990,518	5,493,345	3,978,929
Deposit From Customers	28,314,140	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
Amount Due to Related Companies	16,892	105,046	115,795	72,461	455,906	404,512	1,001,570	1,465,346	771,235	421,199
Retirement Benefit Obligations	138,959	161,997	128,520	101,458	83,245	73,397	63,118	55,213	36,842	30,515
Deferred Tax Liability	-	-	-	-	-	77,364	-	154,876	39,942	54,345
Other Liabilities	1,338,776	691,795	704,414	919,494	782,747	584,903	2,203,438	774,462	627,815	779,425
Lease Liabilities	789,620	839,484	757,645	721,891	615,278	476,003	-	-	-	-
<b>Total Liabilities</b>	<b>51,012,520</b>	<b>31,380,145</b>	<b>26,973,592</b>	<b>25,488,370</b>	<b>20,352,743</b>	<b>18,638,260</b>	<b>15,995,133</b>	<b>12,796,493</b>	<b>10,179,727</b>	<b>8,438,180</b>

As at 31st March	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Equity</b>										
Stated Capital	1,996,444	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
Statutory Reserves	505,755	335,411	254,564	234,112	203,055	182,548	163,096	136,009	113,852	95,361
FVOCI Fund	2,144	2,144	2,079	-	-	-	-	-	-	-
Regulatory Loss Allowance Reserve	-	51,093	-	-	-	-	-	-	-	-
Retained Earnings	3,599,726	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
<b>Total Equity</b>	<b>6,104,069</b>	<b>5,214,299</b>	<b>4,975,247</b>	<b>4,774,647</b>	<b>4,318,469</b>	<b>3,909,182</b>	<b>3,543,935</b>	<b>3,335,112</b>	<b>2,720,616</b>	<b>2,597,628</b>
<b>Total Liabilities &amp; Equity</b>	<b>57,116,589</b>	<b>36,594,444</b>	<b>31,948,839</b>	<b>30,263,017</b>	<b>24,671,212</b>	<b>22,547,442</b>	<b>19,539,068</b>	<b>16,131,605</b>	<b>12,900,343</b>	<b>11,035,808</b>
<b>Investor Information</b>										
Gross Dividend (Rs.)	-	161,659	161,659	161,659	-	-	222,281	196,011	175,253	248,000
Dividend Per Share (Rs.)	-	0.80	0.80	0.80	-	-	1.10	0.97	1.06	1.50
Dividend Cover (Times)	-	2.50	2.53	3.84	-	-	2.44	2.26	2.11	1.78
Net Assets Per Share (Rs.)	30.21	25.80	24.62	23.63	21.37	19.35	17.54	16.50	16.46	15.71
Market Price Per Share (Rs.) -Maximum	29.50	15.50	14.00	20.30	19.40	14.70	16.40	21.00	23.60	27.90
Market Price Per Share (Rs.) -Minimum	12.30	10.50	9.00	12.90	7.40	8.00	12.50	14.90	16.60	16.50
Price as at Year End (Rs.)	24.90	12.40	11.30	13.00	13.70	8.60	12.60	15.40	17.10	18.10
Price Earning Ratio (Times)	5.91	6.20	5.58	4.23	6.75	4.47	4.70	6.11	7.63	6.79
Earning Per Share (After Tax)	4.21	2.00	2.02	3.07	2.03	1.93	2.68	2.52	2.24	2.67
<b>Ratios</b>										
Annual Income Growth (%)	19.63	7.42	37.66	16.39	2.51	11.35	26.00	25.56	23.51	6.41
Growth In Interest Expenses (%)	(12.58)	5.83	132.64	1.35	(3.56)	21.01	27.83	31.50	42.27	2.80
Growth In Non Interest Expenses (%)	47.81	15.74	(11.54)	15.92	15.25	14.43	34.10	19.37	34.54	(2.12)
Growth In Profit after tax (%)	110.70	(1.18)	(34.15)	51.45	5.42	(28.19)	22.25	19.82	(16.11)	13.43
Growth In Advances (%)	71.28	14.52	(8.17)	24.78	4.59	12.98	24.32	24.35	15.01	28.59
Growth In Deposits (%)	27.66	15.54	56.12	15.52	48.33	17.71	13.81	66.83	1.16	(23.53)
Growth In Shareholder's Fund (%)	17.06	4.80	4.20	10.56	10.47	10.31	6.26	22.59	4.73	9.88
Equity:Assets (%)	10.69	14.25	15.57	15.78	17.50	17.34	18.14	20.67	21.09	23.54
Debt:Equity (Times)	7.98	5.67	5.08	4.96	4.26	4.46	3.87	3.40	3.38	2.92

# SHARE INFORMATION

## 1. STATED CAPITAL

As at 31st March	2025	2024
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	2025	2024
Name of the Director	No of Shares	No of Shares
Mr. Aravinda Perera	-	-
Ms. Darshini Talpahewa	-	-
Mr. Thushan Amarasuriya (CEO / Executive Director)	50,155	50,155
Mr. Mahesh Wijewardene	-	-
Mr. Ranil De Silva	-	-
Mr. Saman Herath	-	-
Mr. Dhammika Siriwardene (Appointed w.e.f. 22nd April 2024)	-	-
Mrs. Hiranthi De Silva (Appointed w.e.f. 10th July 2024)	-	-
Mr. Jayanth Perera (Retired w.e.f. 14th June 2024)	-	-

## 4. ANALYSIS OF SHAREHOLDERS ACCORDING TO THE NUMBER OF SHARES AS AT 31ST MARCH 2025

No. of Shareholders: 31st March 2025 - 5,665 (31st March 2024 - 5,989)

As at 31st March	Resident Shareholders				Non Resident Shareholders			Total Shareholders		
		No. of Holders	Total Holdings	%	No. of Share holders	Total Holdings	%	No. of Holders	Total Holdings	%
1-1000	Shares	4,231	1,637,937	0.81	15	7,062	0.00	4,246	1,644,999	0.81
1001-10000	Shares	1,078	3,582,369	1.78	5	26,522	0.01	1,083	3,608,891	1.79
10001-100000	Shares	272	8,370,552	4.14	4	92,900	0.05	276	8,463,452	4.19
100001-1000000	Shares	51	13,844,904	6.85	2	457,459	0.23	53	14,302,363	7.08
Over 10000001	Shares	7	174,054,370	86.13	0	-	0.00	7	174,054,370	86.13
Total		5,639	201,490,132	99.71	26	583,943	0.29	5,665	202,074,075	100.00

## 5. ANALYSIS OF SHARES

As at 31st March	2025		2024	
	No. of Share Holders	No. of shares	No. of Share Holders	No. of shares
Categories of Shares				
Individuals	5,510	23,875,330	5,831	25,241,681
Institutions	155	178,198,745	158	176,832,394
Total	5,665	202,074,075	5,989	202,074,075

## 6. MARKET VALUE PER SHARE

For the Year Ended 31st March	2025		2024	
	Rs.	Date	Rs.	Date
Highest Value per share during the Year	29.50	29th January 2025	15.50	18th August 2023
Lowest Value per share during the Year	12.30	1st April 2024	10.50	22nd May 2023
Closing Price	23.90	28th March 2025	12.30	28th March 2024

## 7. DIVIDENDS

Interim Dividend	2024/25 - Nil	(2023/24 - Nil)
Dividend Pay Out Ratio %	2024/25 - Nil	(2023/24 - Nil)
Final Dividend	2024/25 - Nil	(2023/24 - Nil)

## 8. TWENTY LARGEST SHAREHOLDERS

As at 31st March	2025	
Name of the Shareholder	No of Shares	%
1 Singer (Sri Lanka) PLC	161,513,035	79.93
2 Mr. Amarakoon Mudiyansele Weerasinghe	3,687,019	1.82
3 People's Leasing And Finance Plc/L.P.Hapangama	3,009,712	1.49
4 Employees Trust Fund Board	2,290,555	1.13
5 Seylan Bank Plc/Gladstone Capital (Private) Limited	1,220,000	0.60
6 Hatton National Bank Plc-Astrue Alpha Fund	1,204,809	0.60
7 J.B. Cocoshell (Pvt) Ltd	1,129,240	0.56
8 Mr. Mark Lawrence Ajit Benedict	936,509	0.46
9 People's Leasing & Finance Plc/L.H.L.M.P.Haradasa	826,916	0.41
10 Mr. Hennasy Geeth Balasuriya	697,043	0.34
11 Mr. Ram Pritamdas, Mr. D. Pritamdas & Miss. L.P. Hathiramani	605,000	0.30
12 Thread Capital (Private) Limited	503,473	0.25
13 Commercial Bank Of Ceylon Plc/ H.G. Balasuriya	500,000	0.25
13 Mrs. Vasudevan Saraswathi & Mr. S. Vasudevan	500,000	0.25
13 Mr. Subramaniam Vasudevan & Mrs. V. Saraswathi	500,000	0.25
14 Mr. Vijaya Srilal Perera Liyanage	497,147	0.25
15 Mr. Dadimuni Chatura Pavitra De Silva Siriwardane	466,063	0.23
16 Mr. Nayanaka Arjuna Samarakoon & Mrs. D.K. Herath	450,000	0.22
17 Hatton National Bank Plc/Arunasalam Sithampalam	420,944	0.21
18 PMF Finance Plc/M.S.Hamzadeen	403,000	0.20
19 Mr. Loku Narangodage Sarath Kumara Samarasinghe	355,000	0.18
20 Mr. Rajapaksa Pathiranage Udesa Priyadarshana Gunawardena	314,000	0.16
	182,029,465	90.08
Others	20,044,610	9.92
Total	202,074,075	100

## SHARE INFORMATION

As at 31st March		2024	
Name of the Shareholder		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
Total		202,074,075	100

### 9. PUBLIC HOLDINGS

Public holding as at **31st March 2025** is **20.05%** (31st March 2024 is 20.05%)

No. of Shareholders representing public holding - **5,663**

Float Adjusted Market Capitalization as at **31st March 2025** is **Rs .968,210,151.50**

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	2025	2024
Number of Transactions	9,949	4,031
Number of Shares Traded	37,556,248	7,999,137
Value of Shares Traded (Rs.)	812,162,525	103,337,809

## 11. RECORD OF SCRIP ISSUES

For the Year Ended 31st March	Issue	Basis	No.of shares	Share Capital
				Rs.
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

Type	Face Value	Interest Frequency	Interest Rate	Date of Allotment	Maturity Date	Interest rate of Comparable Government Securities
	Rs.					
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% PA	25-June-2021	25-June-2026	as at 15th June 2021 was 7.31%

Interest rate of Comparable Government Securities as at 31st March 2025 were 7.84% (06 Months Treasury Bill) and 11.79% (03 Years Treasury Bond)

Objective as per Prospectus	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 FOR NBFC

## ANNUAL REPORT

### A

#### Accounts Payable (A/P)

Short-term liabilities representing amounts owed by the NBFC to suppliers or creditors for goods or services received but not yet paid.

#### Accounts Receivable (A/R)

Amounts owed to the NBFC by clients or customers for services or loans provided, typically due within a short period.

#### 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.

#### Asset-Liability Management (ALM)

The process of managing the NBFC's assets and liabilities to mitigate risks related to liquidity, interest rate fluctuations, and funding mismatches.

### B

#### Bad Debt Expense

The estimated amount of receivables that the NBFC expects will not be collected, recognized as an expense in the income statement.

#### Basis Points

One hundredth of a percentage point (0.01%); 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 local requirements.

#### Capital Employed

Total assets less interest-free liabilities, deferred income, and provisions.

#### Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

#### Cash Equivalents

Liquid investments with original maturity periods of three months or less.

#### 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 utilized by clients as at the reporting date and the operating lease commitments.

**Compound Annual Growth Rate (CAGR)**

The annual growth rate of an investment or financial metric over a specified period, accounting for compounding effects.

**Corporate Governance**

The process by which corporate entities are governed, concerned with the way power is exercised over management and direction, supervision of executive actions, and accountability to owners and others.

**Corporate Sustainability**

A business approach that creates long-term consumer and employee value by creating a 'green' strategy aimed toward the natural environment and considering every dimension of how a business operates in the social, cultural, and economic environment.

**Cost of Funds**

The interest or other costs incurred by the NBFC to acquire funds for lending or investment activities.

**Cost/Income Ratio**

Personnel cost, administration and selling expenses, depreciation, and amortization as a percentage of total operating income.

**Contingencies**

A condition or situation existing at the reporting date, 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 is to be determined by future events which may or may not occur.

**Credit Rating**

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

**Credit Risk**

The risk of loss due to a borrower's failure to repay a loan or meet contractual obligations.

**Credit Scoring System**

A statistical method used by the NBFC to assess the creditworthiness of potential borrowers by assigning numerical scores based on credit history and other factors.

**Customer Deposits**

Money deposited by account holders, recorded as liabilities.

**D****Debt**

Total liabilities, excluding deferred income.

**Debt Service Coverage Ratio (DSCR)**

A measure of the NBFC's ability to service its debt, calculated as net operating income divided by total debt service (principal and interest payments).

**Deferred Taxation**

The net tax effect on items 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 recognized 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, reflecting the time value of money.

**Dividend Cover**

Profit attributable to ordinary shareholders divided by gross dividend, measuring the number of times the dividend is covered by distributable profit.

**Dividend Payout Ratio**

Dividend divided by profit after tax, indicating 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 ordinary shares in issue, indicating the proportion of the current year's dividend attributable to an ordinary share.

**E****Earnings Per Share (EPS)**

Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

**Effective Interest Rate (EIR)**

Rate that exactly discounts estimated future cash payments or

## GLOSSARY OF FINANCIAL TERMS FOR NBFC ANNUAL REPORT

receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

### Effective Tax Rate

Provision for taxation excluding deferred tax expressed as a percentage of profit before taxation.

### Employee Share Scheme

A program where the NBFC offers employees the opportunity to purchase company shares, often as part of compensation or incentive plans.

### Equity

Shareholders' fund.

### Events After the Reporting Period

Transactions not recognized as assets or liabilities in the Statement of Financial Position but which give rise to contingencies and commitments.

### Expected Credit Losses (ECL)

The discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), representing an unbiased measurement by evaluating a range of possible outcomes under SLFRS 9 on "Financial Instruments."

### Exposure

A claim, contingent claim, or position which carries a risk of financial loss.

## F

### Fair Value

The amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

### Finance Lease

A lease in which the lessee acquires all the financial benefits and risks attaching to ownership of the asset under lease.

### Financial Assets

Any asset that is cash, an equity instrument of another entity, or a contractual right to receive cash or another financial asset from another entity.

### Financial Assets Measured at Amortised Cost

A financial asset measured at amortised cost if held within a business model to collect contractual cash flows, with contractual terms giving 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)

Debt and equity instruments measured at fair value through other comprehensive income, where debt instruments are held to collect contractual cash flows and sell financial assets, with cash flows solely comprising principal and interest, and equity investments are irrevocably classified as FVOCI when not held for trading.

### Financial Instrument

Any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

### Financial Liabilities

A contractual obligation to deliver cash or other financial assets or to exchange assets or liabilities under potentially unfavorable conditions.

### Financial Leverage

The use of borrowed funds to increase the NBFC's investment capacity and potential returns, measured as the ratio of total debt to equity.

### Fully Drawn Advance

A long-term loan provided by the NBFC, often with a fixed interest rate option, typically secured and used to fund business or equipment purchases.

## G

### Global Reporting Initiative (GRI)

A leading organization in the sustainability field, promoting sustainability reporting for organizations to become more sustainable and contribute to sustainable development.

### Going Concern

The assumption that an entity will continue in operation for the foreseeable future without the need to liquidate or materially curtail operations.

### Gross Dividend

Portion of profits, inclusive of tax withheld, distributed to shareholders.

### Gross Non-Performing Advances

A loan placed on a cash basis (interest income recognized only when cash is collected) after six or more instalments are overdue, due to reasonable doubt regarding collectability of capital and interest.

**Gross Profit Margin (GPM)**

The percentage of revenue remaining after deducting the direct costs of providing services or products, indicating operational efficiency.

**Guarantees**

An assurance by a third party (guarantor), not a party to the contract, to be liable if the guarantee fails to fulfill the contractual obligation.

*H***Hire Purchase**

A contract where the hirer takes an article on hire from the financier, with the option to purchase it at the conclusion of agreed rental payments.

*I***Impairment**

Occurs when the recoverable amount of an asset is less than its carrying amount.

**Impairment Allowances**

Provisions held on the Statement of Financial Position as a result of a charge against profit for incurred loss, which may be identified or unidentified, individual (specific), or collective (portfolio).

**Impairment Charge/Reversal**

An increase/(decrease) in the difference between the carrying value of an asset and the sum of discounted future cash flows generated from the same asset compared to the previous reporting date.

**Intangible Asset**

An identifiable non-monetary asset without physical substance.

**Integrated Reporting**

A methodology reporting an organization's strategy, governance, financial performance, and prospects in relation to value creation 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, measuring an entity's debt service ability.

*K***Key Management Personnel**

Individuals with authority and responsibility for planning, directing, and controlling the activities of the entity.

**Key Performance Indicator (KPI)**

A measurable value that demonstrates how effectively the NBFC is achieving its business objectives, such as loan portfolio growth or default rates.

*G***Lending Portfolio**

Total value of lending products net of unearned income, amounts received in advance, and allowance for impairment.

**Lifetime Expected Credit Losses (LTECL)**

Expected credit losses resulting from all possible default events over the expected life of the financial instrument, applied unless there has been no significant increase in credit risk since origination under SLFRS 9.

**Liquid Assets Ratio**

Assets held in cash or readily convertible to cash (as prescribed by the Central Bank of Sri Lanka) divided by total deposits and unsecured borrowings.

**Liquidity Risk**

The risk that the NBFC may not have sufficient liquid assets to meet short-term obligations or funding needs.

**Loans and Receivable**

Non-derivative financial assets with fixed or determinable payments, not quoted in an active market, and not intended for immediate sale or designated as fair value through profit or loss or available-for-sale on initial recognition.

**Loss Given Default (LGD)**

The percentage of an exposure a lender expects to lose in the event of obligor default.

## GLOSSARY OF FINANCIAL TERMS FOR NBFC ANNUAL REPORT

### 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 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 the total number of ordinary shares in issue, used as a basis for share valuation.

#### Net Profit

The NBFC's profit after deducting all expenses, including operating costs, interest, taxes, and overheads, from total revenue.

#### Net Interest Income (NII)

The difference between earnings on assets (e.g., loans and securities) and payments on liabilities (e.g., deposits, refinance funds, and bank borrowings).

#### Net Interest Margin (NIM)

Net interest income divided by average interest-earning assets.

#### Non-Interest Revenue

Income generated by the NBFC from sources other than interest, such as fees, commissions, or service charges.

#### NPL Ratio

Total non-performing loans as a percentage of the total lending portfolio.

### O

#### Operating Expenses (OPEX)

Costs incurred by the NBFC in its day-to-day operations, such as salaries, rent, and utilities.

#### Operational Risk

Risk of loss from inadequate or failed internal processes, people, systems, or external events.

### P

#### Parent

An entity that has one or more subsidiaries.

#### Portfolio Yield

The annualized return generated by the NBFC's loan or investment portfolio, expressed as a percentage of the portfolio's average outstanding balance.

#### Price Earnings Ratio

Market price of a share divided by earnings per share as reported at that date.

#### Probability of Default (PD)

An internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation.

#### Provision for Credit Loss

A reserve set aside by the NBFC to cover potential losses from loans or receivables that may not be repaid.

### 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 average assets.

#### Return on Average Equity (ROE)

Attributable profits divided by average shareholders' funds.

#### Revenue Reserves

Reserves considered available for distributions and investments.

#### Right of Use of Assets (ROU)

An asset representing 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 relevant risk-weighting factors.

**S****Selling, General, and Administrative Expenses (SG&A)**

The sum of all direct and indirect selling expenses and general administrative costs incurred by the NBFC, such as marketing and office expenses.

**Segment**

Constituent business units grouped by similarity of operations and location.

**Significant Increase in Credit Risk (SICR)**

An assessment under SLFRS 9 to determine if the risk of default on a financial instrument has increased significantly since initial recognition, considering reasonable and supportable information, with a rebuttable presumption of significant increase when payments are more than 60 days past due.

**Supplementary Capital**

Consists of revaluation reserves, general provisions, and debt instruments such as subordinated term debts and other hybrid capital instruments combining characteristics of equity and debt.

**Sustainability Reporting**

The disclosure of the NBFC's environmental, social, and governance (ESG) impacts, often included to demonstrate corporate responsibility and compliance with regulations.

**T****Tax-Exempt Income**

Income earned by the NBFC, such as from certain municipal bonds, that is exempt from income taxes.

**Twelve Month Expected Credit Losses (12 Month ECL)**

The portion of lifetime expected credit losses resulting from default events possible within 12 months after the reporting date.

**U****Useful Life**

The period over which an asset is expected to be available for use or the number of production units expected to be obtained from the asset.

**V****Value Added**

Wealth created by providing banking and other services, less the cost of providing such services, allocated among employees, capital providers, government (via taxes), and retained for expansion and growth.

**W****Working Capital**

Capital required to finance day-to-day operations, computed as the excess of current assets over current liabilities.

**Write-Off**

The removal of an uncollectible loan or receivable from the NBFC's books, recognized as a loss in the financial statements.

**Y****Yield to Maturity**

The discount rate at which the present value of future cash flows 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 EIGHTEENTH ANNUAL GENERAL MEETING OF SINGER FINANCE (LANKA) PLC will be held on Tuesday, 24th June 2025 at 1.00 PM at the Chas P. Hayley Lounge of, 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 2025 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. Mahesh Wijewardene 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. Saman Herath 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 Ms. Hiranthi Suchithra De Silva who have 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 2025/26 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 2025

### Notes:

1. The Annual Report of the Company for 2024/25 is available on the corporate website [www.singersl.com](http://www.singersl.com) and on the Colombo Stock Exchange website - [www.cse.lk](http://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 eighteenth Annual General Meeting of the Company to be held on Tuesday, 24th June 2025 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 2025 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2.	To re-elect as a Director Mr. Mahesh Wijewardene 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. Saman Herath 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"/>
4.	To re-elect as a Director, Ms. Hiranthi Suchithra De Silva 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"/>
5.	To authorise the Directors to determine donations and contributions to charities for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
6.	To appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2025/26 and to authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this ..... day of .....2025.

.....  
Signature of Shareholder

Instructions are given overleaf

## 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				
	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
				<input type="checkbox"/> Needs Improvement



**SINGER FINANCE (LANKA) PLC**  
**Company No. PB 813 PQ**  
**FORM OF REQUEST FOR A PRINTED COPY**  
**OF THE ANNUAL REPORT 2024/25**

Date .....

Mr. Lasitha Dias,  
 Company Secretary for Singer Finance (Lanka) PLC,  
 No. 498, R.A. De Mel Mawatha,  
 Colombo 03

**ANNUAL REPORT OF SINGER FINANCE (LANKA) PLC - 2024/25**

I hereby request you to send me a printed copy of the Annual Report of Singer Finance (Lanka) PLC.

.....  
 Signature

- ◆ Corporate Shareholders - Form should be signed by duly authorised person.
- ◆ Joint Shareholders - Form may be signed by the principal Shareholder.

Name of Shareholder (as registered in the Company or in the CDS)	
NIC No./CDS Account No./ Company No.	
Address	
Contact No.	

**Note:**

1. The Annual Report of the Company for 2024/25 is available on the corporate website [www.singerfinance.com](http://www.singerfinance.com) and on the Colombo Stock Exchange website - [www.cse.lk](http://www.cse.lk).
2. You may contact the undernoted person for any requests and queries.

Contact Person : Lasitha Dias  
 Contact Number : +94 11 2100161  
 Email Address : [lasithad@singersl.com](mailto:lasithad@singersl.com)  
 Mailing Address : The Company Secretary  
 Singer Finance (Lanka) PLC,  
 No. 498 ,R. A De Mel Mawatha,  
 Colombo 03.





