

SINGER FINANCE

Singer Finance (Lanka) PLC
Annual Report 2021/22

TRUST

In our Journey of Growth

SINGER FINANCE

TRUST

In our Journey of Growth

Singer Finance as a subsidiary of two iconic business entities with a rich corporate heritage of over 140 years has carved a unique positioning within the financial services sector.

With an impactful market presence of over 18-years, the Company has garnered the trust and confidence of stakeholders through its established track record of performance. As we move ahead strengthened by the solid foundation of our business, we strive to expand and capture a higher market share through diversification of our product portfolio whilst expanding our reach to build financial inclusivity across the nation. This will enable us to consolidate our presence whilst gaining the trust of our stakeholders through our unique value proposition.

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

Singer Finance (Lanka) PLC, a subsidiary of Singer (Sri Lanka) PLC was incorporated on 19th April 2004 to operate as a finance leasing entity within the provisions of the Finance Companies Act No. 78 of 1988 as amended by Act No. 23 of 1991, which was subsequently replaced by the Finance Business Act No. 42 of 2011. With an avowed mission to become the foremost finance company in Sri Lanka, Singer Finance engages in the financing of capital goods, agricultural equipment and a variety of products marketed by Singer Sri Lanka, and of their own.

About Singer
Finance



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About this Report

Singer Finance (Lanka) PLC

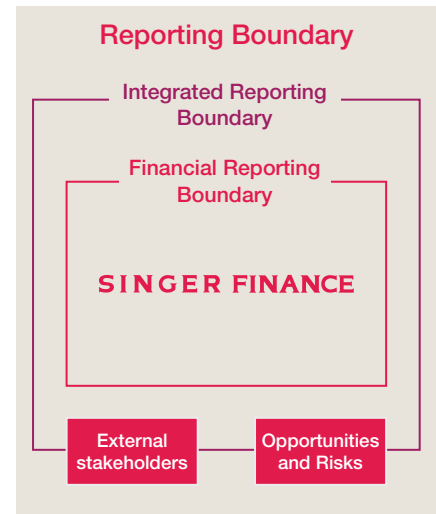
Annual Report 2021/22

Reporting Guidance

This year, we present our 4th Integrated Annual Report, which is designed to provide our stakeholders a balanced and comprehensive overview of how Singer Finance (Lanka) PLC (referred to as “Singer Finance” or “the Company”) created value to its stakeholders over the short, medium and long-term. In structuring and determining the content of this Report, we have considered matters that are most material to Company and describe how these matters were addressed through our strategy; the Report also provides information on the Company’s operating landscape including opportunities and threats, corporate governance and risk management practices, plans and prospects. The Report is guided by the principles and requirements of the

Integrated Reporting <IR> Framework published by the International Integrated Reporting Council.

Report Scope and Boundary: This Report covers the operations of Singer Finance (Lanka) PLC for the period from 1st April 2021 to 31st March 2022. The reporting boundary for non-financial information is consistent with that of financial reporting; the integrated reporting boundary, however, extends beyond the Company’s operations to its impacts on external stakeholders and the operating landscape. The Company adopts an annual reporting cycle and this Report builds on the Company’s previous report for the financial year ending 31st March 2021. There were no significant changes to the Company’s structure, supply chain or size nor any material restatements



of information provided in the previous Annual Report.

Reporting Frameworks and Combined Assurance

In addition to the mandatory requirements applicable to Singer Finance, the Company has also adopted several voluntary reporting frameworks in aligning with best practice in corporate reporting. The Company also adopts a combined assurance model to ensure the integrity of the information provided.

	Reporting framework	Assurance mechanism
Financial statements	<ul style="list-style-type: none"> Sri Lanka Accounting Standards issued by CA Sri Lanka Companies Act No. 7 of 2007 Finance Business Act No. 42 of 2011 and amendments thereto Listing Rules of the Colombo Stock Exchange (CSE). 	Integrity of financial information is assured through the Internal Audit function and the Audit Committee while external assurance is provided by Messrs KPMG
Integrated report	<ul style="list-style-type: none"> <IR> Framework 	
Sustainability reporting	<ul style="list-style-type: none"> GRI Standards-in compliance with ‘core’ criteria ESG Reporting Guidelines issued by the Colombo Stock Exchange 	Selected non-financial information is reported to the Integrated Risk Management Committee while a reasonable assurance on the financial highlights and a limited assurance on the non-financial highlights was provided by Messrs.KPMG.
Governance and compliance	<ul style="list-style-type: none"> Finance Business Act No. 42 of 2011 and all Directions/ Guidelines issued thereunder Corporate Governance Direction No. 03 of 2008 (as amended) issued by the Monetary Board of Central bank of Sri Lanka Listing Rules of the Colombo Stock Exchange and subsequent revisions to date Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2017) 	Adherence to Governance and Compliance is checked by the Internal Audit. External assurance on Internal Control and Corporate Governance is provided by KPMG.

Navigating our Integrated Report



Reporting Improvements

We are committed to consistently improving the quality, readability and meaningfulness of our Annual Report. Key improvements featured in this year's Report include:

- Increased disclosures on strategy and resource allocation through the introduction of a dedicated chapter for Strategy
- Dedicated chapter focusing on the performance of the Company's key business segments
- Increase connectivity of information through using navigation icons across the Report
- Demonstrate how operating conditions impacted the Company's strategy
- Improved non-financial disclosures

Board Responsibility

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

Signed on behalf of the Board

Thushan Amarsuriya

Thushan Amarsuriya
 Executive Director/CEO

Navigation Icons



Financial Capital



Manufactured Capital



Human Capital



Social and Relationship Capital



Intellectual Capital



Natural Capital



The Annual Report is available on hard copies, PDF and on our website, <https://www.singerfinance.com/annual-reports/>

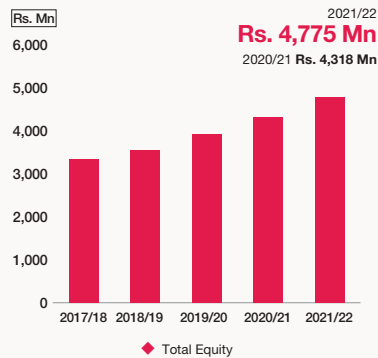
Feedback

We are committed to consistently enhancing the readability and relevance of our reporting and we welcome your suggestions and comments on our Annual Report. Please direct your feedback to,

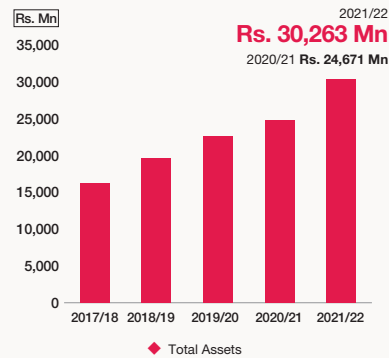
Head of Finance,
Singer Finance (Lanka) PLC
 No 498, R A De Mel Mawatha,
 Colombo 3.
 E Mail: erajf@singersl.com

A Snapshot of the Company

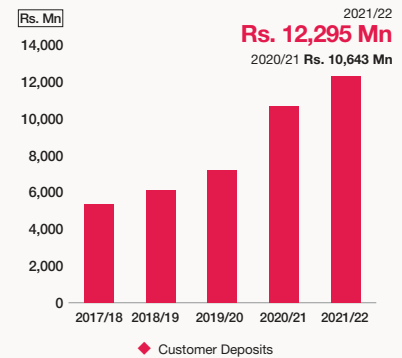
Total Equity



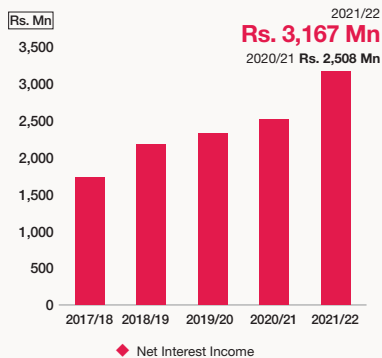
Total Assets



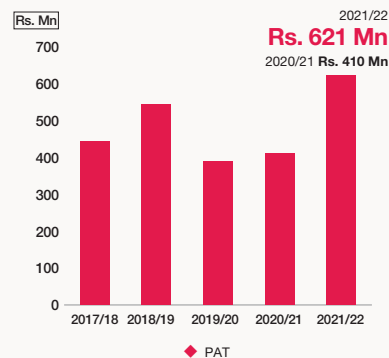
Customer Deposits



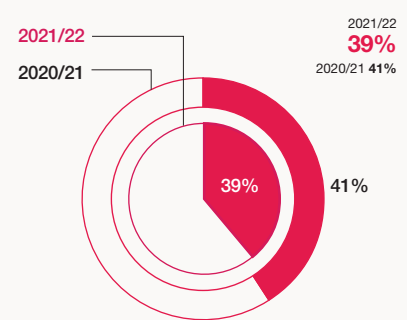
Net Interest Income



Profit After Tax



Shareholder's Funds to Public Deposits



Net Assets
per Share

2021/22
23.63
2020/21 21.37

Branches
2021/22

43
2020/21 39

Employees
2021/22

818
2020/21 701

Fitch Rating
A [LKA]
2021/22



Financial Highlights

For the year ended 31st March	2022	2021	Change
Financial Performance (Rs'.000)			
Gross Income	5,486,505	4,713,704	16%
Interest Income	5,113,433	4,428,485	15%
Interest Expense	1,946,514	1,920,500	1%
Profit before Tax	958,669	601,801	59%
Income Tax Expense	337,529	191,674	76%
Profit After Tax	621,140	410,127	51%
Revenue remitted to the Government	675,326	448,802	50%
Financial position at the year end (Rs'.000)			
Total Equity	4,774,648	4,318,469	11%
Deposits from Customers	12,295,391	10,643,164	16%
Hire Purchase, Leases, Loans and Advances	26,350,004	21,090,544	25%
Total Assets	30,263,017	24,671,211	23%
Growth In Advances (%)	25	5	20
Growth In Deposits (%)	16	48	(32)
Investor Information			
Earnings per Share (Rs)	3.07	2.03	51%
Net Assets per Share (Rs.)	23.63	21.37	11%
Price Earning Ratio (Times)	4.23	6.75	(37%)
Profitability Ratios			
Gross Non-Performing Advances Ratio (%)	5.19	6.92	(1.74)
Net Non-Performing Advances Ratio (%)	(0.32)	1.67	(1.99)
Non Interest Expense to Gross Income (%)	47.05	46.49	0.56
Gross Interest Margin (%)	61.93	56.63	5.30
Net Interest Margin (NIM) (%)	12.69	11.66	1.03
Return on Assets (%)	2.26	1.74	0.52
Return On Average Shareholder's Fund (%)	13.66	9.97	3.69
Cost-To-Income Ratio (%)	53	54	(1)
Interest Cover (Times)	1.49	1.31	0.18
Gearing Ratios			
Equity : Interest Bearing Liabilities (Times)	0.20	0.23	(0.03)
Debt : Equity Ratio (Times)	4.96	4.26	0.69
Quick Assets Ratio (Times)	1.05	0.93	0.12
Fitch Rating	A[ika]	A+[ika]	
Statutory Ratios			
Liquid Assets (%)	15.06	12.62	2.44
Core Capital Ratio (%) - Minimum Required 7%	15.89	14.34	1.55
Regulatory Capital to Risk Weighted Assets (%) (Minimum Requirement 11%)	21.74	14.34	7.40
Shareholders' Funds : Public Deposits % (Minimum of 10%)	38.83	40.58	(1.74)

Non-Financial Highlights



Manufactured Capital

43 branches with
4 opened during
the year

CAPEX

2021/22
Rs.156 million

Digital Capabilities

Online banking
platform
Digital wallet

**Rs. 14.4
million**
Investment
in digital
capabilities



Human Capital

Employees

2021/22	2020/21
818	701

**Certified as a
Great Place to
Work**

and ranked
among
**25 Best Workplaces
in Sri Lanka
53rd**

**Asia's Best
Workplaces**

Gender
representation
25%
female

Training Record

2021/22:
10,102
training hours

Per Employee

Net profit:
Rs. 0.76 million
(+30% YOY)

Remuneration:
Rs. 0.75 million
(+2% YOY)



Social and Relationship Capital

Our Customers

80,000+
Customers

59 Customer
grievances

95%
Customer
satisfaction
score

Supplier Value

Payments to
suppliers:
**Over Rs. 7.3
billion**

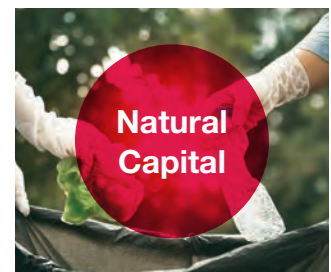


Intellectual Capital

The

SINGER
brand

Rs. 38.5 million
investment in
the brand



Natural Capital

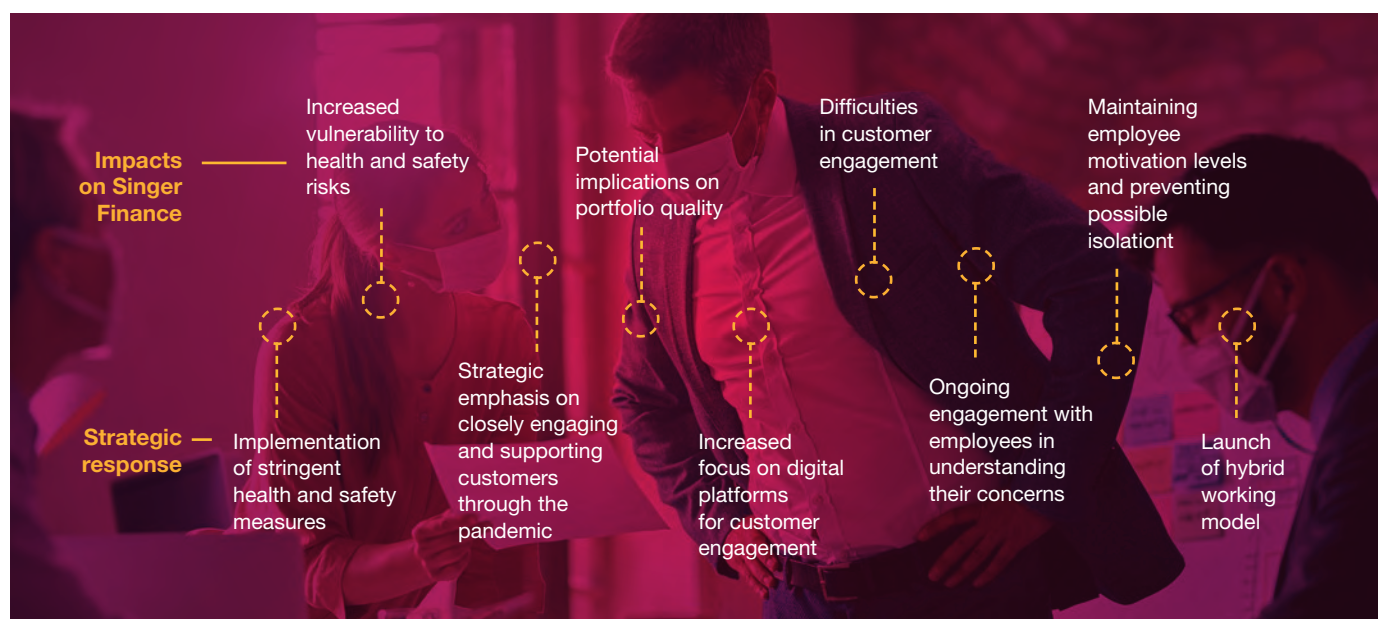
10%
Energy
consumption
over last year

10%
Carbon
footprint
over last year

Resilience to the Pandemic

Sri Lanka experienced the 2nd and 3rd waves of the pandemic in 2021, with periodic surges in infections which led to restrictions and lockdowns. Against this backdrop, the Company leveraged the learnings it had obtained during the first wave of the pandemic to ensure uninterrupted service to customers while safeguarding its employees.

While the Company's immediate response to the pandemic centered on ensuring business continuity, COVID-19 also provided an opportunity for Singer Finance to transform its customer relationships, embrace new operating models and ways of working and build a more resilient organisation through strong risk management practices. The implications of COVID-19 on the Company's operations and our response to these are presented below:



- In ensuring the safety of our team, the Company introduced a hybrid working model and a rotational work plan for both head office and branch level employees, thereby safeguarding employees, minimizing risk of cross infection and supporting work-life balance. We also provided employees with the required digital infrastructure required to effectively work from home.
- Supported employees through a HR help desk which was actioned through a mobile platform and continued engagement through digital platforms.
- Focused on nurturing long-term customer relationships through rescheduling and restructuring facilities rather than pursuing aggressive recovery action and repossession.
- Mitigated impact on financial performance, through relentless focus on cost rationalisation, proactively managing asset liability maturities and preserving liquidity levels.

Reflections from the Chairman



“The conditions that prevailed during the year strengthened our resolve to balance stakeholder interests and generate shared value across our ecosystem.”
.....

were exacerbated by the pandemic, the country faced unprecedented pressure in the external sector ultimately propelling the economy into a liquidity crisis. The sharp fall in tourism earnings and worker remittances in 2021, together with international debt servicing commitments led to a depletion in the country's foreign exchange reserves, with the banking sector experiencing a shortage of dollar liquidity. From the latter part of 2021, the CBSL also sought to tighten monetary policy, increasing the Bank rate, SDFR, SLFR and SRR. Market interest rates have edged up as a result with a pronounced increase towards the end of the financial year 2021/22.

Despite efforts by the regulator to curtail the outflow of foreign exchange through import restrictions and a range of other measures, the crisis deepened in 2022 leading to a shortage in essential items, medicines and energy supply, which have resulted in interruptions to power supply. In March 2022, the CBSL allowed market forces to determine the exchange rate, which led to a depreciation of the Sri Lankan Rupee in ensuing weeks. This, together with global dynamics have led to escalating inflationary pressures which in turn fueled public unrest.

For Singer Finance, the prevalent macro-economic crisis is likely to present several challenges, although strategic foresight in strengthening our capital buffers and preserving portfolio quality has aptly positioned the Company to

Dear Shareholder,

I write to you at the end of what has been yet another year of extraordinary volatility and tumult. Throughout this year, the Singer Finance team demonstrated remarkable resilience and agility, embracing new ways of working and continuing to drive our customer experience despite the challenges that prevailed. We close the year, not only having delivered record high growth and profitability but also having strengthened our franchise, diversified our loan book and fortified our edge in an intensely competitive industry. It is therefore my pleasure to present to you the Integrated Annual Report and financial statements for the financial year ended 31st March 2022.

Context to Performance

We commenced the year under review with much optimism, following Sri Lanka's relatively successful containment of the 2nd wave of the pandemic, which led to improved sentiments. The subsequent quarters of the year, however, saw a resurgence in infections with Sri Lanka experiencing further waves of the pandemic, which in turn led to periodic lockdowns and restrictions on movement. While businesses demonstrated increasing adaptability to operating in conditions of limited mobility, the pandemic's impact on country's economy as a whole has been catastrophic. As long-standing fragilities and imbalances in the Sri Lankan economy

withstand these headwinds. As interest rates increase and inflationary pressures escalate, we anticipate pressure on repayment and the Sector is expected to see a weakening of credit quality. Meanwhile, shortages in fuel supply and persistent challenges in the tourism sector will inevitably lead to stress on the leasing portfolio. Against this backdrop, the Company's proactive efforts to grow its gold loan portfolio, while curtailing exposure to leasing and strategic emphasis on expanding its deposit base is expected to cushion these impacts to a certain extent. Over the immediate term, the Company will seek to strengthen its liquidity buffers while adopting a selective approach to lending, as we seek to optimise risk-return dynamics in ensuring the Company's longevity and sustainable growth.

Transition and Transformation

Although presenting unique challenges, the pandemic also provided many organisations a real opportunity to transform their operating models, as unprecedented changes in the operating landscape fueled dramatic shifts in customer and employee behaviour. Against this backdrop, Singer Finance doubled down on its efforts to drive digital adoption, thereby proactively shifting customers to seamless digital platforms. The Company also facilitated remote working for its employees, providing the necessary infrastructure to ensure uninterrupted services to customers while minimising the risk of infection for our employees. These initiatives and the progress made during the year are discussed in further detail in the Chief Executive Officer's Review on page 14 of this Report.

Effective Leadership

The vital importance of good governance is amplified during periods of stress and uncertainty. During the year, the Board collectively sought to offer continued counsel to the executive team on evaluating and addressing the implications of emerging macro-economic developments. The Board was refreshed during the year, and I join my colleagues on the Board in

welcoming Mr. Saman Priyantha Herath who was appointed as an Independent Non-Executive Director to the Board. Given the conditions that prevailed, the Board strengthened engagement with the business, and spent significant time deliberating the potential implications of the economic crisis on the Company's financial performance, stability and value creation.

Delivering shared Value

The conditions that prevailed during the year strengthened our resolve to balance stakeholder interests and generate shared value across our ecosystem. For our employees, we continued to adopt agile working models while enhancing the performance management system and nurturing an inclusive and diverse culture. The unique value proposition we offer employees, was recognised by the Company once again receiving the 'Great Place to Work' Certification while also ranking among Asia's best employers. For customers, we focused on enhancing convenience through our digital platforms while working closely with them to ensure they remained solvent and commercially viable during these difficult times. Our ability to drive our strategic aspirations despite the challenges that prevailed, enabled the Company to deliver on its shareholder commitments with profit for the year increasing by 51% to Rs. 621 million during the year.

Way Forward

Short-term challenges are inevitable given the country's macro-economic landscape, with the financial services industry expected to face the impacts of rising interest rates, pressure on repayment and increasing inflation. We have taken pre-emptive measures to brace for these impacts through preserving liquidity, enhancing efficiencies, strengthening risk management practices and adopting a selective approach towards lending. Despite these short-term challenges, we remain optimistic on the medium-to-long term outlook for the country. We believe commitment to appropriate monetary and fiscal policy measures together with reforms aligned with the

expected IMF Extended Fund Facility (EFF) arrangement will pave the way for stability, positioning the country for long-term growth and economic prosperity. I remain confident regarding the country's characteristic resilience and am certain that Sri Lanka can emerge from this crisis as a stronger and more united nation. Against this backdrop, Singer Finance will continue to pursue its ambitious plans, with strategic emphasis being placed on expanding our deposits and gold loan portfolio with view of empowering the aspiring and enterprising Sri Lankans, while parallel emphasis will be placed on strengthening portfolio quality and preserving liquidity.

Appreciation

Mr. Priyath Ananda Salgado and Mr. K.K.L.P. Yatiwella resigned from the Board during the year, and I take this opportunity to thank them for their invaluable contributions over the years. I Wish to also thank my fellow Directors for their counsel during the year and look forward to working with them in the coming year. I join the Board in congratulating the Chief Executive Officer for his commitment and tireless efforts in delivering the results set out before you today. The Company's success has been driven by its highly capable and committed team and I thank each and every employee for their valuable contributions during the year. I would also like to take this opportunity to extend my gratitude and appreciation to the officials of the Central Bank of Sri Lanka, our valuable customers, business partners and all other stakeholders who have been an integral part of the Company's success story.



Aravinda Perera
Chairman

Colombo
10th May 2022

Group Chief Executive Officer's Review



“The Company derives significant benefit from its unique position as a subsidiary of Sri Lanka’s largest consumer durables retailer and ultimate parent,..”

.....

Dear Stakeholder,

I am extremely happy to report that strategic foresight together with the detailed work done in recent years to execute these strategies enabled Singer Finance to deliver a commendable financial performance, despite numerous complexities that prevailed in the operating landscape. The Company delivered a 51% growth in Profit After Tax to Rs.621 million during the year, preserving the quality of customer relationships and the well-being of its employees while remaining true to the core values of the Company.

The Company’s performance during the year was upheld by 25% growth in loans and advances, reflecting relentless focus on diversifying its loan book given the slowdown in leasing sector of the industry. Accordingly, the Company focused on expanding its gold loan and other loan categories. Despite a weakening of the economic landscape, the Company achieved a 14% reduction in its impairment charges, attesting to both its underwriting quality and unique relationship-driven approach towards collections. Deposits grew by 16% reflecting the Company’s improving deposit franchise, while the Company remained well capitalised and adequately liquid with a total capital and statutory liquid asset ratio of 21.74% and 15.06% respectively.

Strengthening the Business

During the year, considerable focus was placed on aptly positioning the Company to capture emerging growth opportunities. We continued to pursue geographical expansion, and with the addition of 4 new branches during the year, the Company now operates a network of 43 branches. In line with the expansion, the Company also sought to enhance the image and visibility of

the brand and provide an enhanced service to customers through revamping the internal and external ambience of the branches and engaging in targeted advertising and promotional campaigns. Digitalisation has remained a key focus, as we sought to transform the customer experience and capitalise on the unprecedented shift to digital platforms during the pandemic. From a product perspective, strategic focus has been placed on expanding the gold loan portfolio given its relatively high yield, good portfolio quality and short tenure which in turn enables improved maturity mismatches between the Company's assets and liabilities. The Company also recorded good growth in its fixed deposit base, an area of strategic focus in recent years.

As a result of these strategic interventions, the Company has successfully maintained its performance and stability indicators above the industry average. While pursuing growth, the Company has focused on optimising its risk and return dynamics through shoring up capital and preserving liquidity buffers. Resultantly, the Company has obtained a credit rating of A (Ika)/Negative outlook from Fitch Ratings Lanka.

Leveraging Group Synergies

The Company derives significant benefit from its unique position as a subsidiary of Sri Lanka's largest consumer durables retailer and ultimate parent, Hayleys PLC- one of the largest diversified conglomerates in Sri Lanka. We continue to work with our parent entity in identifying and offering Group Sales for organisations, which has enabled the Company to diversify its loan book further. We also have a significant opportunity to leverage the extensive customer base of Singer, which over an illustrious history of 145 years has achieved a customer penetration rate of around 50%. Recent investments in big data and digitalisation places us in a strong position to leverage valuable customer insights to engage in target marketing and offer customised solutions. We also benefit from the

strength of the Singer brand, which is frequently ranked as one of Sri Lanka's most popular brands; our brand strategy has centred on remaining true to the attributes of trust and stability, which are typically associated with the Singer brand, while creating a distinct identity within the financial services industry. The Company also derives strength from the backing of its ultimate parent, Hayleys PLC.

People Proposition

The character and capacity of the Singer Finance team has been nothing short of remarkable in the past few years, as they have demonstrated their ability to cope with the unique challenges presented by the pandemic. I also commend the leadership team for creating a conducive and dynamic culture at Singer Finance in which all employees feel valued and motivated, as attested by the Company receiving the Great Place to Work certification for 4 consecutive years and Best Work Places in Sri Lanka for 3 consecutive years. I am proud to report that in 2021/22, the Company also ranked among Asia's best Workplaces, validating holistic efforts made by the leadership team to deliver a unique value proposition to its employees.

Way Forward

The country's current macro-economic crisis presents the most significant risk to the Company's short-term outlook; rising interest rates, surging inflation and a volatile exchange rate are likely to exert considerable pressure on repayment capability of customers while curtailing credit demand. Given the country's shortage of foreign exchange, we anticipate import restrictions on motor vehicles to prevail over the short-to-medium term, which in turn will continue to impinge on the growth of the leasing market. Against this backdrop, Singer Finance will adopt a risk conscious approach as we brace ourselves for potential economic scarring. Strategic emphasis has also been placed on strengthening liquidity buffers, thereby providing a cushion against a potential deterioration in portfolio quality.

As discussed in more detail under Reflections from the Chairman, despite the current challenges in short term, our medium to long -term outlook for the industry and Company remain positive, as we hope to leverage the solid foundation put in place to drive aggressive growth in selected product categories. With a network of 43 branches, we are strongly positioned to further penetrate selected geographies, which offer significant potential for growth. Digitalisation and customer service will be key differentiating factors as we strive to sharpen our competitive edge an increasingly complex, dynamic and competitive operating landscape.

Acknowledgements

As I reflect back on the year that has been, I am inspired by the dedication and commitment that has been shown by the Singer Finance Team. I congratulate the CEO Thushan Amarasuriya, leadership team and all employees for fulfilling the expectations of the Board in developing the Company to what it is today. I also thank the Chairman of the Board and all Directors for their valuable counsel and guidance during the year. I also appreciate the continued support and guidance provided by the officials of the Central Bank of Sri Lanka . I extend by gratitude to all our employees, customers, business partners and other stakeholders for their continued support and loyalty.

Thank you



Mahesh Wijewardene
Group Chief Executive Officer

Colombo
10th May 2022

Chief Executive Officer's Review



“Overall, the Company recorded a 59% surge in pre-tax-profit to reach a record high of Rs.958 million while post-tax profit also increased by 51% to Rs.621 million.”

.....

Dear Stakeholder,

As we tackled another year riddled with uncertainty, the team at Singer Finance rallied together with remarkable determination to deliver the highest revenue and profitability in the Company's history. Looking back over at 2021, our mettle was tested repeatedly, and I am fortunate to be part of a team that stepped up and worked relentlessly to engage with customers and deliver value in the face of these challenges. 2021 saw the continued repercussions of the COVID-19 pandemic where people and businesses around the world continued to face immense difficulties in confronting the human, social and economic toll. As operations were starting to somewhat normalize due to the impacts of the vaccine rollout,

the emergence of highly transmissible strains led to a flurry of further tightening of measures impacting key sectors of the economy. The Company's insightful and timely strategy targeting portfolio diversification and increased adoption of digital technology paved the way to navigate the external headwinds presented during the year to deliver successfully on its shareholder commitments.

Financial Performance

The Company's ability to swiftly adapt its operating model to capture emerging opportunities of the year, enabled Singer Finance to remain resilient to external headwinds. The Company's interest income increased by 15% to Rs.5,113 million during the year, supported by a loan growth of 25% and contributions from high-yielding segments. Despite the gradual uptick in interest rates, timely repricing of assets and liabilities enabled the Company to achieve a 26% increase in net interest income. Preserving portfolio quality has been a key priority in recent years, and despite macro-economic stress, the Company recorded a 14% decline in impairment charges as ongoing efforts to pursue recoveries and de-risk the portfolio led to an improvement in the portfolio quality during the year. Overall, the Company recorded a 59% surge in pre-tax-profit to reach a record high of Rs.958 million while post-tax profit also increased by 51% to Rs.621 million.

Strategic foresight in expanding the Company's branch reach to mobilise deposits paid rich dividends with the Company achieving increased diversification of its funding profile. Customer deposits grew by 16% to Rs. 12,295 Mn accounting for 44% of the company's funding during the year. Supported by strong profit generation, shareholder funds increased by 11% resulting in the Tier 1 and Total capital ratio strengthening to 15.89% and 21.74% respectively.

Strategic Priorities

Our robust performance was underpinned by the execution of a timely strategy to capitalize on opportunities presented in high yielding products such as gold loans, continued growth in the physical

footprint and sharpened focus on transforming the customer experience through digital solutions and service capabilities. Emphasising on a relationship-driven approach, our dedicated team of marketeers have been empowered to provide personalized, end-to-end solutions. From a portfolio perspective, the deepened customer relationships enabled us to identify vulnerable customers in a proactive manner to extend timely concessions, thereby preserving portfolio quality.

A key enabler of our strategy has been digital capabilities, which we leveraged to enhance the customer experience and streamline internal processes to drive operational efficiencies. The Company successfully rolled out an online banking platform, Internet Payment (IP) Gateway and a range of digital banking solutions to standardize and improve customer experience. We also made investments in process automation and workflow systems to automate manual and repetitive operations and strengthen data driven decision making. We continue to make inroads in enhancing our digital infrastructure and network stability to further transform the customer journey.

Investing in our Brand

During the year, we unveiled a series of initiatives to enhance the brand visibility in line with the Singer Group's rebranding strategy as we aim to remain future-fit and relevant to evolving customer needs. The branch network was expanded by 4 branches in 2021/22, to drive penetration across the country while 7 branches were refurbished and upgraded during the year to accommodate the Gold Loans product. Our employer brand has continued to grow over the years, and we are proud to be recognized as one of Sri Lanka's best workplaces for the third consecutive year with the Great Place to Work certification. Further demonstrating our commitment towards employee growth, Singer Finance was ranked #53 in Best Large Workplaces in Asia 2021 and listed among the top 10 Best Workplaces in Banking, Financial Services, and Insurance sector in Sri Lanka.

Nurturing our Team

We remained focused on safeguarding employee well-being, particularly given the rapid spread of COVID-19 during the year. Stringent health guidelines and new

work arrangements were formulated to minimising the risk of cross infection, while infected employees were taken care of through providing access to interim care centres. While keeping our employees safe, strategic focus was placed on maintaining a high level of employee engagement to motivate and sustain their morale during a period of uncertainty. The quest for new workstyles in the post-COVID era has presented an opportunity to re-evaluate traditional work methods and consider the limitations of fixed work arrangements. We continue to adapt daily operations to take advantage of the convenience and efficiency of advanced digitalization while appreciating the value of face-to-face communication. We have provided opportunities for personal and professional career growth through our Learning Management System while nurturing a dynamic and performance driven culture.

Supporting economic Sustainability

Given the volatile economic landscape, we remained true to the core brand values of Singer Finance by prioritizing our customers and supporting them with an empathetic approach during critical times. Vulnerable customers were proactively identified and provided with timely debt relief through moratorium schemes and concessions. We continue to contribute towards financial inclusion of Sri Lankans by catering to an underserved sector of first-time borrowers and SMEs with limited borrowing potential. Leveraging the strength of our brand we reach out and closely engage with our customers to provide personalised solutions that contribute positively towards their socio-economic empowerment.

Way Forward

The macro-economic vulnerabilities underpinned by the foreign currency crisis and escalating inflation is likely to present a challenging short-term outlook for the Company. The rise in interest rates are likely to exert pressure on the net interest margin (NIM), although this is somewhat cushioned by the Company's recent foray into gold loans. The economic slowdown is also likely to result a softening of portfolio quality with both individuals and SMEs likely to see some repayment pressure. In this context taking preemptive action to support our customers through personalized solutions will remain a top priority while continued emphasis will be

placed on increasing the geographical footprint to further strengthen gold loan and deposit-based products. While addressing these high-priority challenges, we will continue to focus on the medium to long term aspirations of enhancing our digital offerings and strengthening our close partnerships with customers.

The recent past has compelled us to meet and master many challenging moments, setting us on a transformational journey to adapt and thrive among volatilities. The financial performance of 2021/22 coupled with the Company's strong capitalisation and healthy liquidity levels have already placed us on a strong footing to navigate the current circumstances while pursuing further opportunities for growth, although we will adopt a selective approach to business acquisition during the year. We are hopeful that successful fiscal reform will position the country towards long term economic prosperity and remain focused on empowering and supporting our customers through this journey to reach their fullest potential.

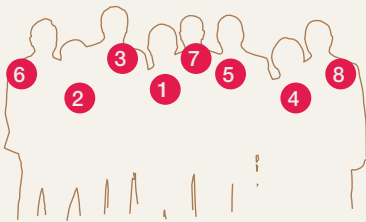
Appreciation

I would like to take this opportunity to extend my gratitude to the Group CEO Mr. Mahesh Wijewardene, Board Chairman Mr. Aravinda Perera, Group Chairman Mr. Mohan Pandithage, Group Co-Chairman Mr. Dhammika Perera and the members of the Board for their unwavering support and valuable counsel in a challenging year. I deeply appreciate the resilience and hard work of all employees at Singer Finance whose contributions resulted in delivering extraordinary results during the year. I would also like to thank our loyal customers for their continued patronage and placing your trust in us over the years.



Thushan Amarasuriya
Chief Executive Officer

Board of Directors



- | | | | |
|----|--|----|---|
| 01 | Mr. Aravinda Perera
Chairman/ Non-Executive Director | 05 | Mr. Mahesh Wijewardene
Non-Executive Director |
| 02 | Mr. Jayanth Perera
Senior Independent Non-Executive Director | 06 | Mr. Sadeep Perera
Non-Executive Director |
| 03 | Mr. Thushan Amarasuriya
CEO/ Executive Director | 07 | Mr. Ranil De Silva
Independent Non-Executive Director |
| 04 | Ms. Darshini Talpahewa
Non-Executive Director | 08 | Mr. Saman Herath
Independent Non-Executive Director |

Mr. Aravinda Perera
Chairman/ Non-Executive Director

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

Mr. Aravinda Perera counts over 39 years in the Banking sector and functioned as the Managing Director of Sampath Bank PLC from 1st January 2012. Presently, he is the Managing Director of Royal Ceramics Lanka PLC.

He is the Deputy Chairman of Pan Asia Banking Corporation PLC and also a Director of Hayleys PLC, Hayleys Aventura (Pvt) Ltd, Hayleys Advantis Ltd, Fentons Ltd, Rocell Bathware Ltd and SNAPS Residencies (Pvt) Ltd.

Mr. Perera 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 Post Graduate Institute of Management.

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

Mr. Jayanth Perera
Senior Independent Non-Executive Director

Mr. Jayanth Perera joined the Board of Singer Finance (Lanka) PLC on 07th December 2017.

He has over 41 years of experience in the fields of Banking, Stock Brokering, Tourism, Health, Aviation, Retail and Plantation.

Mr. Perera is a retired Senior Deputy General Manager of Hatton National Bank PLC, former Director of Browns Tours Ltd, HNB Assurance Ltd, HNB Securities Ltd and DFCC Bank affiliated companies. He was also a former Managing Director of Acuity Securities (Pvt) Ltd.

Mr. Perera, functions as a Director of Interocean Energy (Pvt) Ltd, McLaren’s Holdings Ltd, Qwest Destinations (Pvt) Ltd, and Qwest Cruises (Pvt) Ltd, Premier Physicians Medical Group (Pvt) Ltd, Lanka Ratings Ltd, Sri Lankan Airlines Ltd, Sri Lankan Catering Services Ltd, Odel PLC and Horana Plantations PLC.

Mr. Thushan Amarasuriya
CEO/ Executive Director

Mr. Amarasuriya joined the Board of Singer Finance (Lanka) PLC on the 1st of July 2018.

Mr. Amarasuriya was appointed as the Chief Executive Officer of the company on 1st July 2018. He has over 18 years of managerial experience in Retailing FMCG, Retailing Consumer Goods and in Financing and Leasing Industry.

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

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

Ms. Darshini Talpahewa
Non-Executive Director

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. Serves as a Director of Hayleys Group Services (Pvt) Ltd. and HJS Condiments Ltd.

Ms. Talpahewa Possesses an LL.B from the University of Colombo and is an Attorney-at- Law with first class honours from the Sri Lanka Law College. She holds a Master’s Degree in Human Resource Management from the University of Northampton and Master’s Degrees in International Relations and in Law, from the University of Colombo.

Mr. Mahesh Wijewardene
Non-Executive Director

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

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

Mr. Wijewardene holds a Master’s Degree in Business Administration from the University of Southern Queensland and received the Dean’s Award for Outstanding Academic Achievement.

Board of Directors

He also holds a Diploma in General Management from the Open University of Sri Lanka.

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

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

Mr. Sadeep Perera Non-Executive Director

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

Mr. Perera is currently working as Assistant General Manager Finance of Vallibel One PLC. He holds a Bachelor of Science in Business Administration (Special) Degree from the University of Sri Jayawardenapura, A Master's Degree in Financial Economics from University of Colombo and is a Member of the Institute of Chartered Accountants of Sri Lanka.

Mr. Ranil De Silva Independent Non-Executive Director

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

Mr. De Silva is a Fellow Member of the Chartered Institute of Management Accountants UK, Associate Member of the Institute of Chartered Accountants of Sri Lanka and a Member of the Chartered Institute of Marketing UK. He has extensive experience in diverse industries in Finance, Sales & Marketing and General Management in Sri Lanka as well as overseas, having held many responsible positions in reputed Companies.

Mr. Ranil De Silva has served on the Boards of Singer Group of companies previously and currently serves as a Director of Central Industries PLC, Hayleys Leisure PLC, The Autodrome PLC and Lanka Shipping & Logistics (Pvt) Ltd.

Mr. Saman Herath Independent Non-Executive Director

Mr. Saman Herath joined the Board of Singer Finance (Lanka) PLC on 2nd September 2021.

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

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

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

Senior Management



- | | | | |
|----|---|----|---|
| 01 | Mr. Iman Perera
Chief Operating Officer | 05 | Mr. Jeevaka Jayawardena
Senior Manager-Credit and Group Sales |
| 02 | Ms. Chandrika Alwis
Consultant to the Chairman | 06 | Mr. Suranga Jayaweera
Senior Manager – Compliance |
| 03 | Mr. Eraj Fernando
Head of Finance | 07 | Mr. Joe Wijeyagoonewardene
Head of Deposits |
| 04 | Mr. Thilan Rupasinghe
Head of Treasury and Digital Transformation | 08 | Ms. Harshani Mapatuna
Head of Legal |
| | | 09 | Mr. Niranjana Sethunga
Head of Recoveries |

Senior Management

Mr. Iman Perera Chief Operating Officer

Iman was appointed as the Chief Operating Officer on 1st July 2018. He counts for over 28 years of work experience in the Finance Industry covering Retail Banking, Business Development, Sales/ Marketing and Operations functions in Leasing and Asset Financing. He has been heading the branch network and Marketing/ Business Development division of Singer Finance since 2006.

Iman holds an MBA from the Postgraduate Institute of Management (PIM) of University of Sri Jaywardenepura and B.Sc Business Administration (Special) Degree from the University of Sri Jaywardenepura.

Ms. Chandrika Alwis Consultant to the Chairman

Chandrika joined Singer Finance in 2018, counts over 40 years of experience in the areas of deposits, credit, recoveries including 25 years of experience in gold loans, and her career features many managerial positions.

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

Mr. Eraj Fernando Head of Finance

Eraj has over 22 years of experience in the field of Accounting, Auditing and Finance, joined Singer group in 2006 and served in Singer (Sri Lanka) PLC, Singer Finance (Lanka) PLC and Regnis (Lanka) PLC.

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

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

Mr. Thilan Rupasinghe Head of Treasury and Digital Transformation

Thilan joined Singer Finance team in April 2016 as Head of Cards. Thilan has been with the Singer Group for over 29 years, out of which over 14 years in the Senior Management. In 2019 he was assigned to Manage the Treasury and Digital Transformation functions of the company.

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

He holds an MBA 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). Also, holds a diploma in Credit Management from Sri Lanka Institute of Credit Management and a Diploma in Digital Marketing from the Academy of International Business Sri

Lanka. He also possesses Certificate in Graphic Designing from the Academy of International Business Sri Lanka and a Certificate in Fundamentals in Video Editing and Colour Grading from Sri Lanka Technological Campus. Currently, he is reading for a Doctorate in Business Administration (DBA) from Asia E University, Malaysia.

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

Mr. Jeevaka Jayawardena Senior Manager-Credit and Group Sales

Jeevaka has been with the Singer Group for over 23 years. He possesses over 16 years of experience in Accounting and Finance out of which he has served 16 years in the Finance and Leasing industry.

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

Mr. Suranga Jayaweera Senior Manager – Compliance

Suranga has over 14 years of experience in the field of Accounting, Auditing and Finance.

He holds an MBA from the University of Southern Queensland of Australia and is also a Fellow Member of The Institute of Chartered Accountants of Sri Lanka, an Associate Member of Chartered Institute of Management Accountants-UK, Chartered Global Management Accountant (CGMA),

Fellow of The Association of Accounting Technicians of Sri Lanka and Associate Member of The Institute of Chartered Professional Managers. He holds a BSc. Accounting (Sp) Degree with a 2nd class upper division from the University of Sri Jayewardenepura.

He functioned as the Chairman of the Compliance Forum of the Finance Houses Association of Sri Lanka for the year 2019/20.

Prior to joining Singer Finance, he worked at Ernst & Young and at Singer (Sri Lanka) PLC as an Audit Manager.

Mr. Joe Wijeyagoonewardene

Head of Deposits

Joe has considerable years of working experience both in the public and private sectors holding several positions of which over 40 years have been spent in the Finance Industry heading deposit departments. He is a Justice of Peace (All Island).

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 possesses 27 years of experience in the finance industry and has held senior positions in leading finance companies, including 5 years at Mercantile Investments Limited and 13 years at LB Finance PLC as Assistant General Manager - Legal prior to joining Singer Finance in 2019 as Head of Legal.

Mr. Niranjan Sethunga

Head of Recoveries

Niranjan has been with singer finance since its inception and holds over 17 years of Management experience in Marketing, Credit, Recoveries, and Gold Loan Business.

He holds B. Com (Sp) Hons. Degree with the 2nd class 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.



Being at the heart of the community, we are committed to be in the forefront by supporting our stakeholders to navigate through challenges to reach their financial aspirations.

Our Business

Organisational Overview

Singer Finance (Lanka) PLC is a mid-sized Licensed Finance Company (LFC) registered and regulated by the Central Bank of Sri Lanka. The Company offers a range of lending, deposit and transactional solutions across diverse market segments. The Company is a subsidiary of Singer (Sri Lanka) PLC- Sri Lanka's leading manufacturer and retailer of consumer durables and part of the Hayleys Group, one of Sri Lanka's most diversified and respected conglomerates. Established 18 years ago, the Company has gradually strengthened its market position, building a competitive edge founded on a strong reputation for trust, confidence and customer service.

Market Position

The Company has an extensive network of 43 branches which has enabled customer penetration across the country. Singer Finance also benefits from the strength of the Singer brand- which is one of Sri Lanka's much-loved brands, frequently ranking among the most valuable brands in Sri Lanka.

Products and customers

The Company primarily offers leasing, and loans and advances to individuals and small and medium enterprises. The Company also offers a range of investment options to customers through fixed deposits and saving deposits. In recent years, the Company has sought to strengthen its digital offering through widening the services offered by its online banking platform, facilitating digital

onboarding and partnerships with other fintech banking solutions.

Financial Profile

The Company has been rated A (Ika) with a Negative outlook by Fitch Ratings Lanka Ltd.



Value Creation Model

CAPITAL INPUTS

VALUE CREATION

Financial Capital

Shareholders' funds of **Rs 4,775 Mn**,
Customer deposits of **Rs 12,295 Mn**
and Borrowings of **Rs 11,378 Mn**



Manufactured Capital

Investment of **Rs 86.5 Mn** in our branch network which includes **43** branches island wide



Human Capital

Competencies, attitude and experience of our team of **818** employees who are key to our success



Social & Relationship Capital

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



Intellectual Capital

The strength of our Brand, Organizational tacit knowledge, Strong values and Business ethics



Natural Capital

Environmentally friendly business practices that are followed in order to minimize our impact on the environment



Our Vision:

To be the foremost finance company in Sri Lanka



Operating landscape
(Page 30)

Shift towards digitalization

Government policies

Shift in consumer preferences

Recessive Economy and Uncertainty

OUTCOMES

OUTPUTS/ IMPACTS

SINGER FINANCE

Financial Capital

(Pg 34)

- Strong balance sheet
- Increased equity to **Rs 4.8 Bn**
- Rs 621 Mn Profit after tax

Manufactured Capital

(Pg 36)

- Customer access
- Branch expansion
- Business growth

Human Capital

(Pg 39)

- Employee satisfaction
- Productivity
- Training and development opportunities

Social & Relationship Capital

(Pg 45)

- Trust
- Customer satisfaction
- Investment in CSR

Intellectual Capital

(Pg 49)

- Brand value
- Tacit knowledge
- Robust systems and processes

Natural Capital

(Pg 53)

- Carbon footprint of 732 tCO₂e

Shareholders

- Net asset value per share: **Rs 23.63**
- Earnings per share: **Rs 3.07**
- Investment opportunities

Customers

- Rs 27 Bn** loans disbursed
- Interest of **Rs 956 Mn** paid to depositors
- Convenience in business transactions

Employees

- Payments of **Rs 847 Mn** to employees
- Promotions in 2021/22: **97**
- Career progression and empowerment

Business Partners

- Long term relationships with **450+ suppliers**
- Transparency

Government

- Tax contribution of **Rs 675 Mn**
- Financial sector stability

Local Communities

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

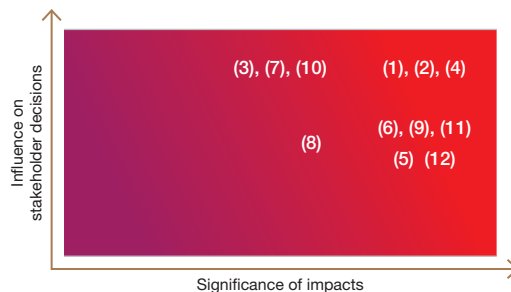
Environment

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

Material Matters

Material matters represent the issues that could potentially have the most significant impact on the Company's ability to create value and plays a vital role in determining strategy formulation and resource allocation. As illustrated below, the process for determining material issues follows proactive and ongoing evaluation of the Company's operating environment, stakeholder considerations and our strengths and weaknesses. This year, marks a step change in our materiality process, as we have broadened our topics beyond those prescribed by GRI to include factors that are specific to our industry and operating landscape.

The outcomes of the materiality assessment for 2021/22 is illustrated below:

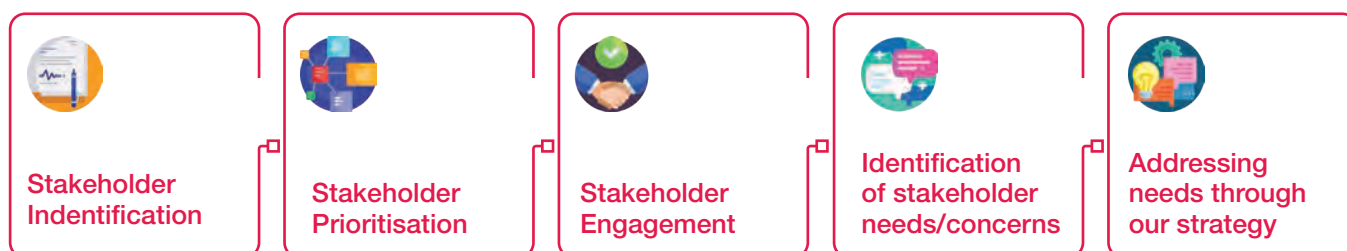


Material topic	Change in materiality compared to 2020/21	Corresponding GRI topic
(1) Macro-economic conditions including movements in interest rates	▲	GRI 201: Economic Performance
(2) Regulatory and policy developments	▲	
(3) Responsible business practices	▲	GRI 417: Marketing and labeling
(4) Employee satisfaction	▲	GRI 401: Employment GRI 404: Training and education
(5) Branch upgrade	▲	
(6) Customer service excellence	▲	
(7) Digital transformation	▲	
(8) Organisational culture	▲	
(9) Compliance	▲	GRI 307: Environmental Compliance GRI 419: Socioeconomic compliance
(10) Financial inclusion	▲	
(11) Environmental impacts	▲	GRI 302: Energy GRI 301: Raw materials GRI 302: Energy
(12) Community relationships	▲	GRI 413: Local communities

Stakeholder Engagement

In our journey of becoming a sustainable and responsible corporate citizen, we have placed strategic emphasis on creating value for a broad range of stakeholders. The Company identifies and prioritizes stakeholders who have the most significant impact on our value creation process and those who are affected most by our activities through a robust stakeholder engagement process.

The dynamic operating conditions during the year, necessitated a proactive understanding of stakeholder concerns, with the Company strengthening the engagement process by continuously engaging with its key stakeholder groups, disseminating material information in a timely manner and responding to their concerns and expectations effectively, which ultimately helped stakeholders make informed decisions about the Company. Our approach to selecting, prioritizing, and engaging with stakeholders is summarized in the diagram below:



The results of our stakeholder engagement for 2021/22 is given in the table below:

Stakeholder group	Engagement channels	Topics and concerns raised	Our response
Customers We provide our customers the best service possible in order to keep them satisfied as they drive our business growth 95% Customer Satisfaction Rate	<ul style="list-style-type: none"> Interactions at the branch network Timely and relevant information on products and services Customer satisfaction surveys Call Centre Digital platforms Online and social media interactions 	<ul style="list-style-type: none"> Professional customer service at all contact points Innovative and relevant solutions Convenience and omnichannel solutions Ease of conducting business 	<ul style="list-style-type: none"> Stringent health and safety protocols Encouraged the use of digital channels of engagement Increase presence on social media
Employees We motivate, engage with and create loyalty amongst our team of 818 employees through HRM best practices Certified as a Great Place to Work	<ul style="list-style-type: none"> Intranet, emails and memos New policies and policy revisions Employee union Grievance mechanism Performance appraisals Annual employee surveys Periodic staff meetings and virtual meetings Year-round work life balance initiatives 	<ul style="list-style-type: none"> Ensuring health and safety at work Attractive remuneration and other benefits Flexible working conditions Opportunities for skills development and career progression Open communication 	<ul style="list-style-type: none"> Provided job security Flexible work arrangements Constructive engagement Continuation of training and knowledge sharing initiatives Other staff welfare activities

Stakeholder Engagement

Stakeholder group	Engagement channels	Topics and concerns raised	Our response
Shareholders/ Investors We manage our business to provide returns that correspond to the risks undertaken by these stakeholders while balancing interests of other stakeholders. Return on equity: 13.7%	<ul style="list-style-type: none"> Announcements to Colombo Stock Exchange Dedicated Investor Relations page on website Annual General Meeting Numerous publications including Annual Report and quarterly financial statements Investor forums 	<ul style="list-style-type: none"> Sustained growth in triple bottom line Relevance of the Group's strategy given prevailing conditions Strength of the Leadership Team High standards of corporate governance Effective risk management systems Transparency in business dealings 	<ul style="list-style-type: none"> Financial stability Prudent risk management Awards and accolades Strategies to deliver sustainable value
Business Partners, Suppliers & Financiers We engage with over 450 suppliers, business partners and financiers	<ul style="list-style-type: none"> Tender notices Site visits Desk reviews Periodic meetings and written communication 	<ul style="list-style-type: none"> Ease of transacting Mutual beneficial relationships Fair pricing Opportunities for growth 	<ul style="list-style-type: none"> Transparent procurement process Supplier development initiatives
Government/ Regulator The government facilitates a conducive environment for entities to carry out business activities Zero incidents of non-compliance	<ul style="list-style-type: none"> Circulars Guidelines 	<ul style="list-style-type: none"> Compliance to all regulations Contributing towards the socioeconomic development of the country Control environmental impact of businesses operations 	<ul style="list-style-type: none"> Timely payment of all taxes and dues Zero instances of non-compliance with regulations
Communities We engage with the community through CSR activities and developing community equity Zero community grievances reported	<ul style="list-style-type: none"> Specific engagement activities with communities Press releases Social media engagement 	<ul style="list-style-type: none"> Employment generation Responsible business conduct Empowerment of local communities Financial inclusion Carbon footprint 	<ul style="list-style-type: none"> Specific CSR initiatives Optimized resource usage through Increased automation

Strategic Response

The Company's strategy has been formulated with due consideration to the operating landscape that prevailed, and the material matters that can affect the Company's performance and stability in the short, medium and long-term. A high-level overview of the strategy is presented below, and discussed in further detail in the Capital Management Reports set out in subsequent pages. Our strategic response is given below:



SUSTAINABLE GROWTH



OPERATIONAL EXCELLENCE



TRANSFORMING THE CUSTOMER EXPERIENCE



OUR PEOPLE PROMISE



DIGITALISATION

What we want to achieve

- | | | | | |
|---|---|---|--|---|
| <ul style="list-style-type: none"> ▪ Pursue diversification of loan book ▪ Expansion of deposit base with focus on fixed deposits | <ul style="list-style-type: none"> ▪ Preserve quality of loan portfolio ▪ Drive operational efficiencies and productivity | <ul style="list-style-type: none"> ▪ Relationship-based approach to customer relationships ▪ Service excellence | <ul style="list-style-type: none"> ▪ Nurture a dynamic, rewarding and engaged workplace | <ul style="list-style-type: none"> ▪ Transform stakeholder interactions through digitalisation |
|---|---|---|--|---|

Operating Landscape



Performance of the global economy

The global economy demonstrated strong signs of recovery in 2021. The steady roll-out of vaccination programs enabled most of the developed countries affected by the pandemic to transition towards economic recovery. According to the World Economic Outlook (WEO) of the International Monetary Fund (IMF) released in April 2022, global economic growth is estimated at 6.1% in 2021, compared to a contraction of 3.1% in 2020. During 2021, advanced economies were estimated to have recorded a growth of 5.2 %, while the growth estimation for emerging market and developing economies stood at 6.8%.

Interest rates remained at relatively low levels, rising from the historical lows witnessed in 2020. Increased inflation levels were a growing concern for financial services providers, as consumer prices increased at a historically high

pace during the final months of 2021. Increasing demand largely due to pent up demand, along with supply chain disruptions, led to surges in the price of energy, raw materials, and other commodities. Higher inflation and volatile economic growth later in 2021 created uncertainties that influence consumer behavior, including the risk of reduced purchasing power of households.

The IMF projects global economic growth to slow down to 3.6 % in 2022, largely reflecting the spillover effects of Russia's invasion of Ukraine and associated sanctions imposed on Russia, on the global economy. In addition to the effects of the war, the IMF predicts that disruptions to global supply chains due to frequent and large-scale lockdowns in China, persistent inflationary pressures leading to tightening of monetary policies of many countries and withdrawal of fiscal policy support previously provided across the world to cushion the impact of

the pandemic could also affect the global growth prospects adversely. Accordingly, economic growth rates of 3.3 % and 3.8% are projected in 2022 for advanced economies and emerging market and developing economies, respectively.

Performance of the local economy

Following a year of adverse socio-economic impacts caused by the pandemic in 2020, which led to a decline in GDP, year 2021 saw the impacts further exacerbate due to the pandemic reaching a peak towards the middle of the year to cause much disruption to lives and livelihoods.

Given below are some of the salient external variables and how the Company responded to these external risks and opportunities.

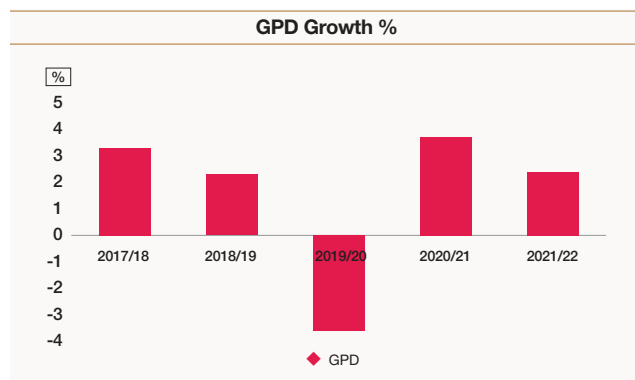
External Variable

Risks and Opportunities

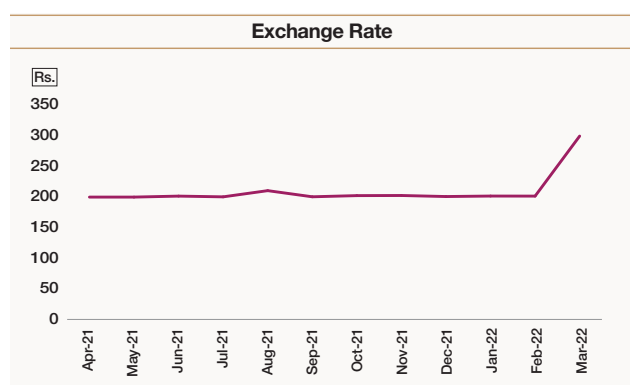
Response of Singer Finance

Economic environment

The Sri Lankan economy recorded a GDP growth of 3.7% for the year 2021, compared to the 3.6% contraction reported in 2020. All three major economic activities- Services, Industry and Agriculture recorded moderate positive growth rates of 3%, 5.3% and 2% respectively.



The Sri Lankan Rupee remained broadly stable throughout 2021 and in the early part of 2022, supported by the CBSL intervention to stabilise the USD/LKR within the range of 200-203. However, the flexible exchange rate introduced by the CBSL in mid-March 2022, resulted in a steep depreciation of the Rupee. Consequently, the Sri Lankan Rupee, which depreciated by a mere 7% in 2021, plummeted 32% to hit a record low of LKR 299 against the USD by end-March 2022. In addition to the depreciation of the currency, there were significant challenges in the foreign currency market on the back of a marked reduction in liquidity amidst declining confidence and a depletion of foreign currency reserves in the country.



As the country struggled with external debt payments, the foreign currency crisis intensified during the first quarter of 2022, resulting in shortages in essential items. Inflation also escalated reflecting supply chain disruptions and the sharp depreciation of the Sri Lankan Rupee. Resultantly, international rating agencies (Moody's, S&P Global Ratings and Fitch Ratings) downgraded the country's sovereign rating during the year. As of March 2022, Sri Lanka's foreign reserves were at USD 1.9 Bn.

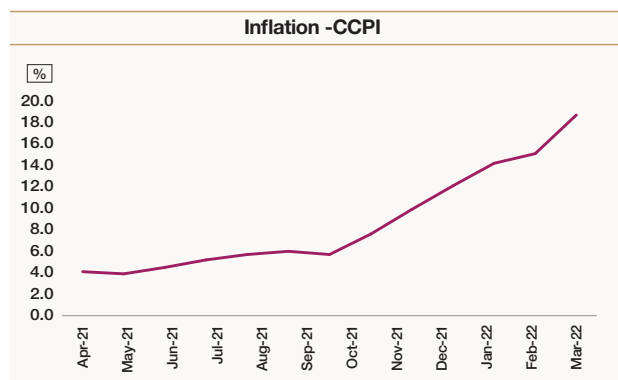
- Emerging opportunities in the MSME and SME segments
- Potential adverse impact on credit quality
- Changes in the fiscal and monetary policies, mainly the volatile interest rate has increased the repricing risk leading to asset liability mismatches

- Expanding our geographical presence by adding 4 branches to the network of 43 branches.
- Enhanced brand identity and leveraging synergies of the parent and ultimate parent company.
- Drove portfolio growth taking advantage of the credit demand amongst MSME sector and self-employed individuals
- Increased focus on Gold Loan portfolio growth
- Greater focus on its credit, recoveries and collection processes
- Greater emphasis placed on minimizing asset liability mismatches
- Enhanced focus to improve the asset quality
- Drive the portfolio growth in anticipation of tougher economic conditions
- Lending rates were increased to be in line with the market rates

Operating Landscape

External Variable

Headline inflation measured by the year-on-year change in the Colombo Consumer Price Index (CCPI), moved upward during 2021 from 4.1% in March 2021 to 18.7% in March 2022 with an annual average of 9.1% for 2021. Core inflation also showed the same upward trend increasing to 13.0% in March 2022 from 3.1% in March 2021, with an annual average of 6.5%.



Risks and Opportunities

Response of Singer Finance

Changes in consumer behaviour and demand patterns

The post – pandemic environment introduced significant changes in consumer behaviour, preferences and demands. The needs of customers and how they interact and transact changed significantly. As a result, financial institutions needed to transform the manner in which they interact with customers.

The onset of the pandemic also brought on a transformation in terms of redefining the workplace and ways of working. Presently organisations have transitioned towards hybrid work models to ensure the safety and wellbeing of their employees.

With a successful vaccination drive Sri Lanka managed to curtail the health impacts of the pandemic. However, the long-term economic costs of the pandemic are expected to be severe, resulting in widening inequalities, income disparities and reduced purchasing power, which has led to socio-economic issues which have manifested in the form of social unrest and geo-political tensions.

- Adopt new and more productive ways of work
- Keeping staff engaged and maintaining high spirits while working remotely
- Greater need for service organizations to adapt by leveraging IT to deliver a transformed service level.

- The need to recognise the payment difficulties faced by certain segments of the customer base by responding with debt moratoriums and other forms of relief especially towards distressed sectors of the economy.
- Relocation of branches to more accessible locations to facilitate financial inclusion
- Opened 04 new branches to create financial inclusion and drive greater penetration.
- Greater focus on expanding our product portfolio
- Adoption of a hybrid working model to ensure smooth business functionality

Greater Technology Adoption

The pandemic triggered an increasing adoption of digital technology across the globe. In the financial services sector technology adoption took a positive turn with both customers moving seamlessly to transact via digital channels as the sector enhanced its investment levels in IT to deliver a seamless service on digital platforms.

- Facilitate cost efficiencies and greater productivity
- Better market reach
- Greater financial and reputational risk due to cybersecurity threats

- Revamped our IT and Digitalisation strategy
- Launched an online banking platform, internet gateway payment and a range of digital banking solutions.
- Strengthened the data security systems
- Investment in process automation and workflow.
- Automation of certain internal processes to facilitate better customer service

External Variable	Risks and Opportunities	Response of Singer Finance
Environmental Changes Climate change is one of the most pivotal risks faced by organisations and communities. Organisations are becoming more environmentally conscious, focusing more on socially equitable consumption of natural resources, to conserve natural resources for ecological balance and save them for future generations.	<ul style="list-style-type: none"> ● Negative impacts of adverse weather patterns on social and economic wellbeing ● Creating a demand for sustainable, environment friendly products, services and businesses ● Increase in lending opportunities in renewable energy/ climate smart agriculture ● Increasing environmental consciousness in communities 	<ul style="list-style-type: none"> ● Greater focus on nurturing and protecting our environment by embedding green and sustainable practices across our network.
Regulatory changes The CBSL introduced several policy measures and regulations during 2021 to strengthen the supervisory and regulatory framework of non-bank financial institutions aiming at stability and soundness of the sector. CBSL encouraged its policy of industry consolidation to ensure stronger industry players that would support industry sustainability in the long run. The CBSL also extended the debt moratoriums and concessions to COVID-19 affected businesses.	<ul style="list-style-type: none"> ● Support our customers who have been affected by pandemic induced business externalities. 	<ul style="list-style-type: none"> ● Complied with all stipulated regulations and directions of the CBSL ● Commitment to maintain adequate liquidity reserves ● Extended moratoria and other payment concessions for customers impacted by the pandemic to facilitate the revival of their livelihoods
Performance of the Non-Bank Financial Institutions (NBFI) Sector The NBFI sector, which is an integral part of the overall financial services landscape performed in a commendable manner demonstrating its resilience and strength despite the unprecedented changes in the business landscape. The sector is largely responsible for driving financial inclusivity and strengthening the SME sector of the economy. During the year several mergers and acquisitions took place under the Masterplan for Consolidation of Non-Bank Financial Institutions implemented by the CBSL in 2020. Furthermore, the Central Bank continued to monitor the key prudential indicators and initiated various other regulatory actions with the objective of avoiding further deterioration of the financial positions, maintaining the stability of such institutions, and safeguarding the interests of depositors.	<p>The sector recorded significant levels of credit growth and profitability. The sector recorded a PAT of LKR 55.6 Bn during 2021, marking a 307% increase compared to the PAT of LKR 13.7 Bn recorded during the prior year. The increase in net interest income by LKR 20.2 Bn and non-interest income of LKR 17.5 Bn compared to the preceding year, coupled with the decreased loan loss provisions made against NPLs of LKR 27.1 Bn, contributed towards the increased profitability.</p> <p>Asset quality of the sector displayed an improvement with the Gross NPL ratio dropping to 11% as at December 2021 compared to 13.9% recorded as at the prior year end. This improvement was mainly due to the efficient recovery strategies and the improved quality of new lending.</p>	<p>Total asset base of the sector increased by LKR 86 Bn (6.1%) during 2021 and stood at LKR 1,487.7 Bn as at end December 2021. The loans and advances portfolio, which represents a major part of total assets, contributed largely towards this growth, with an increase of LKR 102.7 Bn (9.9%).</p> <p>The capital position improved notably reaching LKR 251.6 Bn as at end 2021 due to enhanced minimum capital requirements and profits recorded by several large LFCs. The sector's core capital and total capital ratios increased to 15.5% and 17% respectively, by end 2021 from the reported levels of 14.5% and 15.7% at end 2020. Liquidity position of the sector remained satisfactory.</p>

Capital Management Reports

Financial Capital

Singer Finance demonstrated strong resilience in a challenging year to deliver a commendable financial performance during the year. Performance during the year was underpinned by its swift response to customer needs, healthy portfolio quality, liquidity and capital positions.

Highlights of 2021/22

- Expansion of the gold loan portfolio
- Ongoing focus on preserving portfolio quality
- Strategic emphasis on expanding the deposit base.

Value nurtured/trade-offs

- Strengthen customer relationships through increased penetration in gold loans

Key performance indicators

Net interest income	26% expansion
Profit after tax	51% surge
Net loans and advances	25% growth
Customer deposit base	16% expansion

SDG contribution



Rs. 26,350 million

net loans and advances
43 regional offices

Rs. 11,378 million

Interest Bearing Borrowings

Rs. 12,295 million

Customer Deposit Base

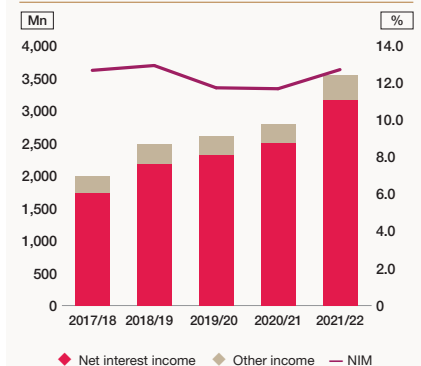
Rs. 4,775 million

Total Shareholders' Fund

Way Forward

- Diversify the portfolio to sustain growth
- Preserve credit quality of the portfolio by continue to implement prudent credit evaluation mechanisms
- Continue to expand the Deposit base focusing on retail fixed deposits and savings

Income Trends



Net interest income

Singer Finance's interest income expanded 15% to Rs. 5,113 million, supported by healthy loan growth, particularly in high-yielding products. Accordingly, interest income from loans surged 59% to Rs. 1,803 million while income from vehicle financing was subdued given continued restrictions on vehicle imports. Consequently, income from vehicle financing, comprising hire purchase and leasing declined 0.1% to Rs. 3,172 million during the year. Despite deposits repricing faster than assets in a rising interest rate environment, the

Company managed to contain interest expenses to Rs. 1,946 million reflective of timely repricing of assets and liabilities. Interest paid to depositors accounted for 49% of the Company's interest expenses. Strategic focus on high yielding products and the timely repricing of assets and liabilities resulted in a 26% expansion in net interest income to Rs. 3,167 million during the year. Resultantly, Singer Finance's net interest margin improved to 12.69% in 2021/22 compared to 11.66% the previous year

Other income

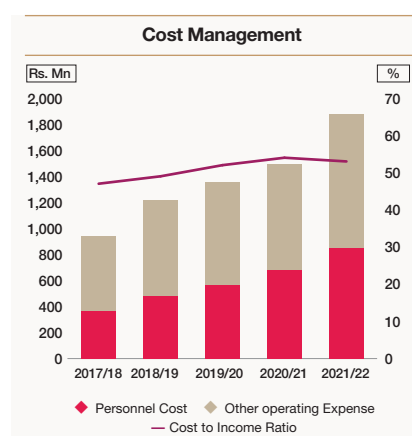
The Company's other income comprised primarily fee and commission income earned at loan disbursement, gains on translation of foreign currency and loan loss recoveries. During the year fee and commission income increased 24% to Rs. 293 million in line with loan growth while gains on translation of foreign currency surged to Rs. 30.1 million from Rs. 3.7 million the previous year given the steep depreciation of the rupee during the latter part of the year. Overall, the Company's other income expanded 31% to Rs. 373 million during the year.

Impairment charges

Strong emphasis on collections and recoveries resulted in a 14% decline in impairment charges to Rs. 412 million despite the prevailing challenges in the operating environment and pandemic related disruptions that took place during the year. Continuous monitoring and the implementation of a systematic recovery plan which included visits to customers that were over 4 months overdue encouraging to settle their loans by exiting whenever it was possible to do so, enabled the Company to contain NPLs. The Company's non-performing loans declined 6.6% to Rs. 1,429 million as at the year-end resulting in an improvement in its gross NPL ratio to 5.19 % from 6.92 % the previous year.

Cost management

Expansion of its geographic footprint through the addition of 4 new branches and the extension of the gold loan facilities across its branch network resulted in an increase in the Company's operating expenses. Resultantly, operating expenses increased 26% to Rs. 1,881 million with personnel expenses and other operating expenses increasing 18% and 32% respectively. Despite the cost increase, the Company's cost to income decreased to 53% from 54% the previous year underpinned by strong revenue generation.



Taxation

Taxation and levies on financial services increased 35% to Rs. 288 million while income tax increased 76% to Rs 338

million underpinned by the improvement in profitability.

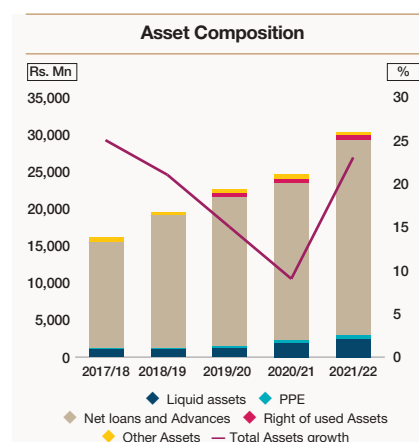
Profitability

Strategic emphasis on high-yielding products, timely re-pricing of assets and liabilities and healthy portfolio quality resulted in a 59% surge in pre-tax profits to Rs 959 million while post-tax profits rose 51% to Rs. 621 million. Shareholder value was enhanced during the year with earnings per share increasing to Rs. 3.07 from Rs. 2.03 the previous year while return on equity increased to 13.66% from 9.97% in 2020/21.

Financial stability

Total assets

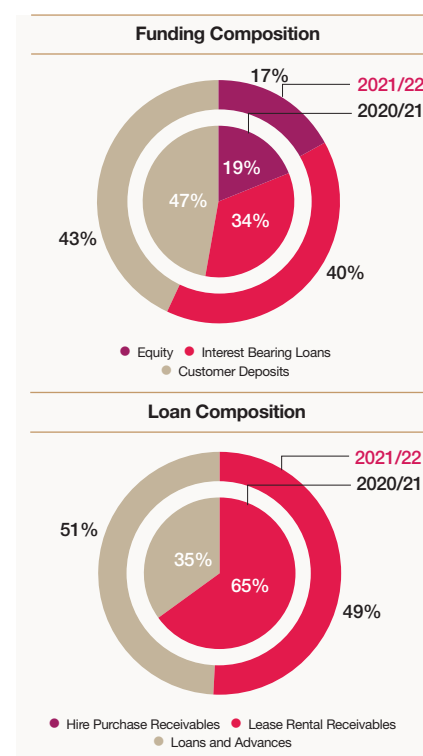
Singer Finance's total assets expanded 23% to Rs. 30,263 million driven by strong loan growth. The Company's net loans and advances expanded 25% to Rs. 26,350 million underpinned by increased demand for gold loans given elevated gold prices and inflationary pressures. The restrictions on the importation of vehicles led to subdued growth in vehicle financing with the leasing portfolio contracting 6%. The Company's liquidity position remained strong with cash and cash equivalents, placements with banks and investments in government securities increasing 28% as at the year end. Resultantly the Company's statutory liquidity ratio of 15.06% stood comfortably above the regulatory minimum requirement of 10% as at the year-end.



Funding and capital

The Company's total liabilities expanded 25% to Rs. 25,488 million as at the year-end underpinned by an expanding customer deposit base and access to funding lines. Emphasis on deposit growth through the expansion of its geographic footprint and marketing initiatives bore fruit during the year as the Company's customer deposit base rose 16% to Rs. 12,295 million as at the year end. However, its reliance on borrowings to fund loan expansion continued with interest bearing borrowings increasing 46% to Rs. 11,388 million as at the year end. The Company's funding composition remained dominated by customer deposits accounting for 43% of the funding base followed by borrowings at 40%.

Meanwhile, total shareholders' funds expanded 11% to Rs. 4,775 million supported by strong profit generation contributing to Tier 1 and Total capital ratios of 15.89% and 21.74% by end of March 2022 which stood comfortably above the regulatory minimum requirement of 7% and 11% respectively.



Capital Management Reports

Manufactured Capital

Singer Finance's manufactured capital provides the foundation for customer access through its network of physical branches and digital infrastructure. The Company has placed parallel focus on enhancing its physical footprint and digital infrastructure, as it seeks to drive increased penetration and customer centricity

Highlights of 2021/22

- Addition of 04 new branches to the Company's network
- Acceleration of the Company's digital journey through facilitating online channels

Value nurtured/trade-offs

- **Rs. 86 million** financial capital investments in strengthening manufactured capital
- Improved customer convenience and customer centric solutions
- Continuous improvements in internal process efficiencies

Key performance indicators

Volume growth	12 (times) fixed asset turnover ratio
	Rs. 5.5 bn sales generated
	68% customer retention
	11% customers acquired
Efficiencies generated	Zero-system breakdowns

SDG contribution



Rs. 444 Mn
worth physical infrastructure

43
regional offices

Advanced digital infrastructure

Online banking platform and digital solutions

Way Forward

- Continue the expansion of our branches to increase market penetration
- Accelerate the digital journey through launch of digital wallet and related services to provide faster and more convenient solutions

Branch network

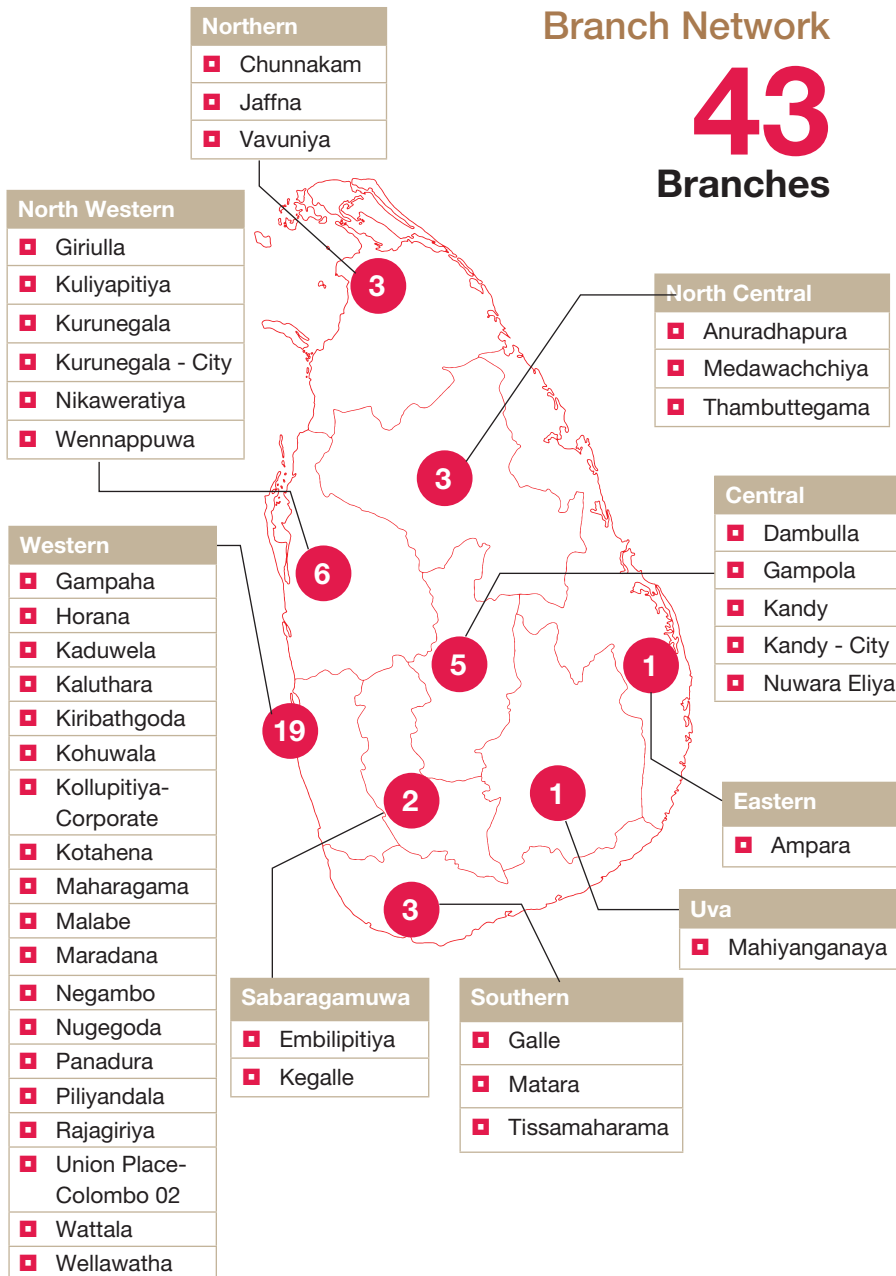
Singer Finance operates an island-wide network of 43 branches in 19 districts across 09 provinces. Capitalizing on group synergies, Singer Sri Lanka's extensive network of 430 outlets also serve as contact points for customers. Collectively, the physical presence established across the island is a key source of competitive advantage in enhancing customer reach, driving business growth and creating brand visibility.

Despite the conditions that prevailed during the year the Company continued its growth strategy in driving penetration across the country by extending its branch network. With an investment of Rs. 86 Mn directed towards infrastructure development over the last financial year, our physical presence has increased with the addition of 04 branches in Piliyandala, Kandy City, Rajagiriya and Chunnakkam. This growth in our branch footprint has enabled access to a wider, more diverse of customers to be serviced with personalized solutions.

In line with the Group rebranding strategy, 07 branches have been refurbished with modern exterior and interior designs to enhance the customer experience and denote a sleeker look.

Branch Network

43
Branches



Delivering value through our branch network

Leveraging branch reach to drive strategic aspirations of the company of providing personalized services to customers

Identify and approach low- and middle-income customers who typically fall beyond the risk appetite of banks

Creating long-lasting relationships through close engagement to understand customer needs and provide a holistic value proposition

Digital Infrastructure


Singer Finance has embarked on a journey to transform its service offerings in line with the Company's future-fit strategy. Through technology driven business development initiatives, focus has been placed on strengthening the internal processes to drive efficiencies while providing an enhanced customer experience via digital capabilities. During the year, the Company invested Rs. 14.4 million in enhancing its digital infrastructure.



Transforming the customer experience

The pandemic has driven an unprecedented shift towards digital platforms, a trend we were quick to embrace through enhancing our digital propositions to customers. We are currently in the process of further strengthening our offering by providing seamless, secure and versatile solutions through our digital channels. As we continue to accelerate the digital journey, following offerings were introduced to provide convenient and secure solutions to customers.


Online Banking Platform



Digital customer self-registration and onboarding platform

Utility bill payment facility


Internet Payment (IP) Gateway



IP gateway enabling real time loan and lease facility payments

SMS alerts on payment updates

Digital Banking Solutions



Introducing payments through Mobitel M cash platform which has 16,000 touch points

Enabling lease payments through FriMi platform

Operational efficiency

During the year, continued investments were made in developing the procedural and technical infrastructure necessary to leverage on Business Intelligence (BI) tools. With increased emphasis towards data driven decision making, several key initiatives were taken to improve the internal processes as listed below:

- Data mining and machine learning technology used to process and analyse large volumes of data gathered from customer touch points
- Secure data warehousing systems used to create dashboards and advanced data analytics
- Conversion of manual tasks such as account closure and claim processing to a systemised facility settlement process
- Increase workflow efficiency through the digitalisation of manual documents
- Implementation of the mobile collection system through handheld devices for recoveries and deposit collection
- Geo tagging of customer locations to optimise route planning

Our dynamic and passionate team of 818 employees is a key resource driving the Company forward with strength and agility. Their commitment enabled the Company to ensure uninterrupted operations despite the conditions that prevailed during the year. We, in turn offer a rewarding work environment that is conducive for employees to develop their competencies and thrive as individuals.

Highlights of 2021/22

- **254** recruits added to the team
- Efforts to strengthen the Company's performance management system
- **99%** vaccinated 2nd Dose/ **67%** booster dose
- Flexible working methods introduced

Value nurtured/trade-offs

- **Rs. 847 million** payments to employees
- **Rs.5 million** investments in training and development
- **97 employees promoted** during the year
- **Rs. 14.2 million** investments in ensuring employee safety

Key performance indicators

Employee development	12.3 average training hours 10,102 total training hours
Diverse work place	25% female representation at senior management level 100% retention of employees after maternity leave.
Ensuring employee safety	Work from home facilitated for 75% employees 316 instances of COVID-19 infections 50+ Provided ICC facilities 316 employees provided with dry rations



25%
female
representation

31
Average
age of employees

97%
permanent
employees

82%
Retention
Rate

Way Forward

- Nurture a dynamic and performance-driven organizational culture with the introduction of a fast-tracked development program
- Enhance employee development strategy through the Singer Finance Digital Academy
- Recommence employee engagement activities that were restricted due to the pandemic

the foundation to foster diversity and equal opportunity while creating an environment that values integrity and transparency.

Code of Conduct: The Employee Code of Conduct sets out the Company's expectations of employees by defining the professional and ethical conduct by which all employees are bound. At the commencement of employment every employee provides their written commitment to adhere to the principles and guidelines laid out by the Code of Conduct.

Management Approach

Our people management approach is guided by the Company's comprehensive HR framework consisting of robust policies and procedures, which are largely aligned to that of the Singer Group and refined to reflect industry sensitivities and dynamics. The Board approved HR framework ensure equitable treatment towards all employees and compliance with regulatory requirements and industry best practices. The HR policies form

All policies are consistently reviewed and updated ensuring relevance to emerging practices. During the year the following new policies were updated/introduced:

- Compensation Policy
- Training & Development Policy
- Off Boarding Policy

SDG
contribution





Great Place to Work

- Company was recognised as one of the 'Best Workplaces' in Sri Lanka 2020/21 for the third successive year, attesting to the strength of its employee value proposition and showcasing the Company's strong employee satisfaction levels.
- Singer Finance was ranked #53 in Best Large Workplaces in Asia 2021
- Singer Finance was recognised among the top 10 Best Workplaces in Banking, Financial Services, and Insurance Sector in Sri Lanka.

Team Profile

Our team comprises 818 employees, inclusive of the management, executives and clerical staff. During the year, we recruited 254 new employees to the Team to support our growth aspirations as we expanded our branch reach. The Company's workforce is relatively young, with an average age of 31 years, which contributes to the dynamism and agility of the Company. Around 19% of employees haven't served the company for over 5 years. Adding to the wealth of knowledge and expertise necessary to create a healthy mix of experienced veterans and ambitious youth. All employees are engaged on full time basis while 97% of employees are in the permanent cadre. All senior managers and 100% employees of the Company have been hired from the local community, creating a direct contribution to regional development and economic empowerment.

Gender Composition

Employment Grade	Female	Male	Grand Total
Clerical	27%	73%	100%
Executive	21%	79%	100%
Junior Management	7%	93%	100%
Middle Management	11%	89%	100%
Key & Senior Management	22%	78%	100%



25% overall female representation rate

Age Analysis

Age Groups	Non-Executive	Executive	Junior Management	Middle Management	Key & Senior Management
18 to 25 Years	28%	0%	1%	0%	0%
26 to 35 Years	60%	49%	27%	28%	0%
36 to 45 Years	11%	46%	68%	50%	40%
46+ Years	1%	5%	4%	22%	60%
Grand Total	100%	100%	100%	100%	100%

Tenure Analysis

Years of Service	Non-Executive	Executive	Junior Management	Middle Management	Key & Senior Management
Below 1 Year	29%	8%	25%	6%	0%
1 to 5 Years	59%	36%	29%	33%	30%
5 to 15 Years	12%	54%	43%	56%	20%
15 + Years	0%	2%	3%	5%	50%
Grand Total	100%	100%	100%	100%	100%

Talent movement during 2021/22

	Female		Male		Total	
Age Group	Recruitment	Resignation	Recruitment	Resignation	Recruitment	Resignation
Below 30	59	21	117	70	176	91
30-50 Age	13	3	65	45	78	48
Grand Total	72	24	182	115	254	139

Employee Recruitment

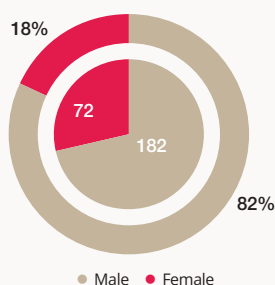
Guided by the Recruitment Policy, the Company has a transparent and impartial talent acquisition process in place. Being an equal opportunity employer, we ensure

that recruitment is based on an individual's merit and talent without any bearing on their background, religion or sexual orientation. The recruitment tracker system in place enables data on candidates to be compiled online, enabling a more efficient and streamlined recruitment process. During the year 254 new employees were recruited for positions created through the branch expansion program and for replacements of vacancies.

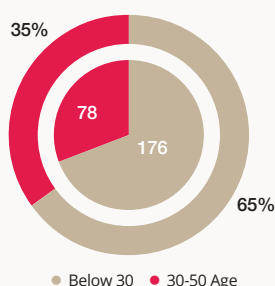
Employee Retention

As a testament to the employee value proposition offered by the Company, we have maintained a high level of employee retention at 82%. We observe an open-door policy where employees are encouraged to discuss their grievances while any feedback regarding their concerns are collected through an annual employee survey. During the year 139 employees exited the Company through natural attrition, and the employee annual turnover level has been maintained at 18%.

Recruitment and Turnover (%) by Gender



Recruitment and Turnover (%) by Age



Health and Safety

Providing stringent health measures, adopting work from home structures and flexible working hours



Training and Development

Opportunities for skill and career development



Remuneration and Rewards

Recognition and rewarding employees for their contribution



Employee Engagement

Building loyalty and sense of community through high level of engagement



Succession Planning

Identifying and grooming the next generation of leaders



Diversity and Inclusion

Conducive organizational culture which promotes diversity and inclusivity

Employee value proposition for 2021/22



Employee Health and Safety

As challenges of working amidst the COVID-19 pandemic continued, ensuring the health and safety of our employees took precedence during the year. Singer Finance adheres to occupational health and safety regulations and clear guidelines have been set out to ensure the safety of all employees. The emergence of the highly transmissible COVID-19 variants necessitated further strengthening of the safety measures. Stringent protocols were adapted in line with guidelines issued by the health authorities in minimizing the risk of infection among employees.

The pandemic conditions compelled the Company to implement new working models that ensured continued services to customers while safeguarding the health of employees. Employees were allocated to a roster-based work routine and facilitated to work from home. Challenges to adapting to this new model of working was minimized with the introduction of flexible work hours, thereby also supporting work-life balance. Transport was provided for employees reporting to work while PCR testing was facilitated for identified 1st level contacts. All infected employees and their family members were offered

dry rations and intermediate care center facilities were provided to 50+ employees and their family members to aid their recovery.



Remuneration and Rewards

The Company's remuneration policy ensures equitable remuneration to all employees based on their meritocracy. The remuneration scheme is aligned with industry practices to competitive remuneration that maintains a 1:1 ratio between men and women. The Company maintains a transparent reward system that nurtures a performance driven culture.

In line with the Company's digitisation agenda, several employee processes were shifted to digital platforms, with the recent upgrade to the web based Human Resources Integrated System (HRIS). These efforts have enabled Singer Finance to function efficiently in making performance driven decisions regarding the career progression of employees. All executive and above employees are evaluated on an annual basis through a clearly communicated Key Performance Indicator (KPI) based performance management framework. Each department head holds the responsibility to assess skill shortages and training needs based on the annual appraisal to determine the division's training needs.

Annual increments and bonuses are paid to eligible employees based on their performance.

Benefits given to permanent employees

Financial benefits:

- Distress loans to cover emergencies
- Interest free motor bike loans and vehicle loans

Medical benefits:

- Reimbursement of medical expenses
- Hospitalization and OPD coverage to all staff members and immediate family

Educational benefits:

- Professional subscription fees
- Lump sum payment to further postgraduate studies and academic goals
- Two thirds of academic course fees reimbursed on successful completion
- 50% of MBA fee reimbursed on successful completion

Other benefits

- Donations for employee or family member deaths
- Staff discounts for the purchase of Singer products



Succession Planning

A comprehensive talent management program is being developed to identify employees with potential through the analysis of financial, operational and performance data. Successors are groomed through a fast-track training program which ensures opportunities are provided to strengthen necessary competencies for future promotions. This novel program transcends traditional performance cycle-based promotions in ensuring that the correct candidates that align with the Company's strategic agenda are selected, monitored, and elevated. Guidelines to enter the program are clearly communicated with employees and level-based targets are set out through a transparent system.

97 Promotions in 2021/22

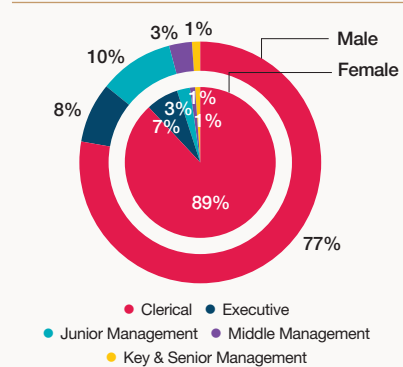
14 Promotion of female employees

33 Promotions for employees below 30 years

Promotions during the year

Gender/Age	Exe	Non-Exe	Grand Total
Female	-	14	14
Above 30	-	7	7
Below 30	-	7	7
Male	23	60	83
Above 30	22	35	57
Below 30	1	25	26
Grand Total	23	74	97

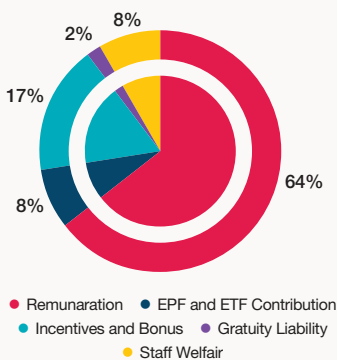
Employees Receiving Performance Appraisals



Training and development

The talent development agenda is aligned with the Company's aspirations of creating a dynamic and well-equipped work force with the ability to drive its strategic objectives. Training requirements are identified throughout the year and compiled into a comprehensive training calendar. Training programs are designed to bridge any gaps in skills identified through performance evaluation to enable upward career mobility. Employees are facilitated through a range of internal and external training programs to pursue their personal and professional career growth. Given the relatively young demographic profile of our new recruits, all employees undergo an orientation program led by the Management team and the HR Department. During the year 48 training programs were conducted, covering 12.3 hours per employees.

Compensation and Benefits



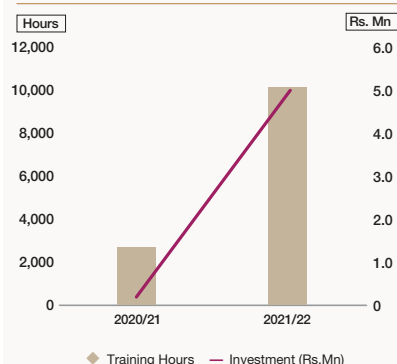
Induction upon recruitment

On the job training

External training

Culture of mentoring and knowledge sharing

Training and Development



Average training hours

Executive and management: **11.17**

Non-executive: **11.64**

Male: **12.37**

Female: **8.00**

Training programs in 2021/22

- Nutritional Support on Covid prevention
- Learning Program - Writing Skills
- Learning Program- Emotional Intelligence
- Advanced Business Analysis Essentials
- Design Thinking for People Managers
- Invitation for Six Months Road Map
- Data Analytic at speed with tableau
- Credit Skills Development Program
- Preventing Fraudulent Transaction in Real Estate and Condominium Law
- Driving Innovation, Creativity and Change
- Customer Service Coaching Session for Singer Finance Call Centre Agents



Employee Engagement

Employee engagement is a critical driver of success to provide a sense of community and maintain employee morale. Although the pandemic has restricted our engagement, the following activities were carried out to build camaraderie among employees and their families.



Singer got talent competition



Celebrating International women's day



Haritha Hetak - Celebrating world environmental day



Celebrating Children's day



Christmas celebrations



Awards



Diversity and Inclusion

Gender parity in Singer Finance

The Company is committed to developing an inclusive work environment which champions diversity. Driving gender equality remains vital to this agenda and we have strengthened our policy framework, employee practices and HR strategy to build a workplace which offers women the opportunity to achieve their career aspirations while maintaining a good work-life balance.

Policies ensuring gender parity

Diversity and inclusion	Remuneration	Harassment Prevention	Training opportunities
Equal opportunity employer	No gender-based discrimination on remuneration	Anti-sexual harassment policy Whistle blower policy Grievance Handling policy Open-door policy	Equal opportunities for training and development

Employee practices

- Recruitment and promotion based on merit, regardless of employee background
- Remuneration based on 'equal pay for equal work' policy prioritizing on performance-based rewards
- Employees are encouraged to practice work life balance by fostering a conducive work environment
- Fair and equal treatment of employees devoid of any discrimination
- Flexible working arrangements to ensure women can thrive in their careers while maintaining a healthy work life balance

Female representation in key departments

	Females
Operations	51%
Finance	38%
Marketing	11%
HR	50%



28% of new recruits are females



100% return to work after maternity leave

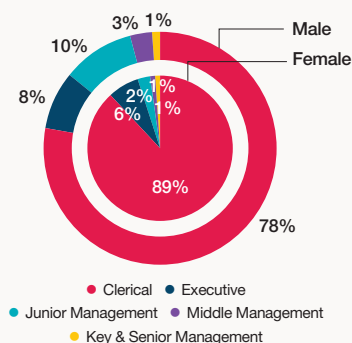
Our track record

The overall gender representation remains skewed towards males mainly due to the nature of the industry which is typically male oriented for sales and collection roles. However, female representation is relatively high at operational level activities demonstrating the Company's commitment towards creating an equitable and inclusive workplace for women.

Return to work after parental leave

Parental Leave in 2021/22	Female
Employees entitled to parental leave	205
Employees on parental leave	3
Employees who returned after parental leave	1
Employees Who stopped after parental leave	-
Employees still in employment 12 months after returning from parental leave	All

Gender Representation Across Categories



Our social and relationship capital represents the meaningful relationships that we have nurtured over the years with our customers, businesses and the community. We are committed to enhance the partnerships with our stakeholders through mutually beneficial value creation.

Highlights of 2021/22

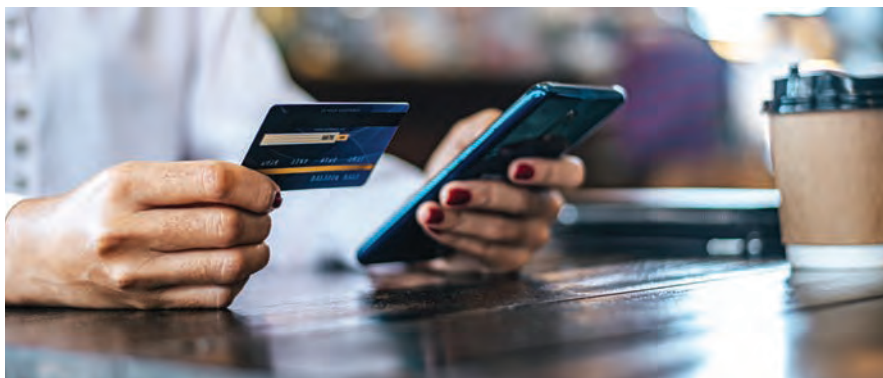
- Strengthened customer engagement through digital platforms while adding 4 branches to the network
- Continued support to customers through the pandemic with relief measures

Value nurtured/trade-offs

- **Rs. 8,522 mn** business generated through new customers
- **Rs. 38.5 mn** investment in marketing communications will strengthen brand and drive increased customer attraction

Key performance indicators

Driving customer satisfaction	95.5% customer complaints resolved 250% increase in digital transactions
Business growth through relationships	Maintained NP levels despite adverse industry conditions Achieved 64% growth in gold loans



80,616
Customers

455
relationships with
suppliers and
service providers

Rs. 1,330.75 Mn
moratoriums
provided

248
marketing
personnel

Way Forward

- Ongoing focus on understanding customer needs and responding through innovative, affordable products
- Accelerate digital journey to drive increased convenience and accessibility, thereby sharpening the Company's competitive edge

the pillars of trust, ethics and service excellence while upholding best-in-class standards in compliance with legal and regulatory requirements. Our customer relationship management strategy has centered on nurturing long-term, mutually beneficial relationships with our customers through engagement, excellent service and empathy, thereby differentiating ourselves in an industry which is perceived to maintain purely transactional customer relationships.

Customers

Singer Finance caters to over 80,000 customers, mainly comprising individuals and small and medium sized enterprises offering a range of lending solutions in leasing, consumer durables, Gold Loans and other loans. Benefiting from Group synergies our products are offered to Singer Sri Lanka's customer base which is the leader in Sri Lanka's durables market with a patronage of over 11 Mn customers. We constantly strive to fulfil our customer promise based on

Customers in numbers



80,000+
Total customers



11% Growth in
customer base

Social and Relationship Capital

Delivering the customer value proposition 2021/22

Pillar	Developments	KPIs
Continued support through the pandemic 	<p>Pandemic led disruptions and volatile economic conditions necessitated relief measures to be extended to selected customers. The establishment of the post-covid revival unit and the segmentation of our loan book enabled us to assess vulnerable customers in a proactive manner and extend adequate provisions. Debt moratoriums and concessions were offered to individuals and businesses affected by the pandemic in line with the guidelines issued by the regulator. Branch managers played an invaluable role in providing timely solutions including restructuring of facilities, postponement of recoveries and offering advisory solutions to customers.</p>	<p>4,479 customers granted with moratoriums</p> <p>Rs.1,330.75 mn Concessions provided</p>
Convenience and accessibility 	<p>We have continued our growth strategy with the establishment of new branches in Piliyandala, Kandy City, Rajagiriya and Chunnakam. In addition to physical contact points, Singer Finance has facilitated engagement and transactions through online channels to enhance the convenience and accessibility.</p> <div> <div>43 regional offices</div> <div>Online payment gateway</div> <div>Digital Banking Solutions</div> <div>98.8% interest income generated through branches out of total interest income of the Company</div> <div>248 marketing staff strength</div> </div> <div>   </div>	<p>4 New branches added</p> <p>Rs. 363.31 mn payments facilitated through digital platforms</p>
Personalised Customer service 	<p>We strive to proactively identify and cater to emerging needs through customer centric solutions. The enhancement of customer engagement through digital and social media platforms has ensured uninterrupted service to all customers.</p> <p>Our dedicated sales team of 248 marketers have been empowered to provide personalized end-to-end solutions. Supplemented by a dedicated hotline, email and chat bot services, customers can lodge their complaints, compliments and feedback at their convenience. A systematic customer complaint handling process is in place where Singer Finance has cultivated a problem-solving culture irrespective of the size and impact of the complaint. Robust mechanisms ensure customer satisfaction is measured, while the marketing team is incentivized to retain their customer base through proactive solutions</p>	<p>survey- FB Star 4.8 Customer satisfaction</p> <p>95.5% Customer complaints resolved</p> <p>Customer complaints and grievance handling mechanism</p>

Responsible business practices



- In accordance with our Business Continuity Plan (BCP), we maintain a comprehensive disaster recovery center in an off-site location in real time together with an online data replication system.

- Customer privacy and data security are key priorities at Singer Finance. We have invested in state-of-the-art IT infrastructure and have implemented processes and controls to maintain the privacy of information. Employees have been trained and duty bound through the Code of Conduct to adhere to internal policies of confidentiality.

Data and Business Recovery

Customer privacy

Product information

- Product information is communicated to customers in a clear and transparent manner. During the year, there were no instances of non-compliance concerning product and service information or marketing communications.

Nil

Incidents of legal action stemming from anti-competitive behaviour, anti-trust and monopolistic practices

Zero

Substantiated complaints regarding loss of customer data

Zero

Instances of non-compliance to regulations and/or voluntary codes pertaining to product related information

Business Partners

The alliance we have built with business partners is critical to the seamless functioning of the Company. We engage with over 450 suppliers, outsource partners and service providers, and strive to maintain a mutually value adding partnership.

Supply chain partners

Singer Finance's supply chain comprises of large to small scale suppliers spread over various categories.



Direct Suppliers

- Banks and Financial Services
- Utility and services
- Providers of consumable and stationary items
- Transport and logistics service providers
- Suppliers of assets
- Advertising agencies
- IT software and hardware vendors

Outsourced suppliers

- Courier services
- Call center
- Janitorial services
- Tea services

Strengthening partnerships

Building and nurturing relationships with our suppliers and service providers has been embedded to our organizational culture. We comply with industry regulations and ensure payments are honored on a timely basis. We adhere to the following policies in conducting business with our suppliers:



Outsourcing policy

Governs all outsourcing arrangements of Singer Finance for the use of third party service providers in operational functions to perform ongoing activities that would traditionally have been performed by Company personnel



Non-disclosure agreements

Non-Disclosure Agreements (NDAs) with our service providers ensure confidentiality of information in the event sensitive information needs to be shared with a service provider or vendor



Rewards

Best performing business partners are rewarded for their services. Eg: business introducers

Procurement process

Our procurement process ensures that suppliers are evaluated according to their experience in the relevant field, skills and expertise, business reputation and history with past and present clients. We ensure our procurement practices are ethical, cost effective and quality sensitive.

Social and Relationship Capital

Community

Our community development practices aim to drive meaningful and long-term change in the local community and country at large. In order to strengthen the CSR approach of the Company a Sustainability Committee has been established to implement initiatives planned for the year. The Company has launched several CSR projects during the year as listed below:

- Donated business carts to street vendors to uplift their businesses.
- Supply of school bags and other gift items to Mary Immaculate Convent
- Continuous financial assistance provided for a student at a reputed school in order to continue his studies
- Multiple donations to Sri Lanka Welfare Organization of Visually Impaired Women
- Donation of water filter, electric kettle and Dialog TV to Karapitiya Hospitals
- Contribution for Sunday School at Nugegoda Methodist Church



Business cart donated to a needy street vendor

Membership of Associations

The Company has obtained membership with various industry, business, and professional institutions to strengthen its existing relations with stakeholders. Besides, these memberships of various associations offer a professionally enriching experience for our key employees, enhancing their industry know-how and their professional experience and reputation. We currently hold the membership in Finance Houses Association and the Chamber of Commerce.

At Singer Finance, we also employ professionals who have a wide network with various institutions and associations in Sri Lanka. As such, some of our employees in our organization hold the memberships in professional bodies such as CA Sri Lanka, CIMA, CIM, CMA, and AAT. These networks and associations have further consolidated our Company reputation and hence, we support by paying their annual membership fees.



"Sipdiriya" loan scheme



Donation made to school children

Nurtured and developed over the years, the brand value, technical expertise and process knowledge contained within the Company represents its intellectual capital and is a key source of competitive edge.

Highlights of 2021/22




- Brand building initiatives
- Continued investment in training and development
- Automation of workflows to improve internal efficiencies

Value nurtured/trade-offs

- **Rs.38.5 mn** investment in brand building
- Persistent improvements in efficiencies will lead to improvements in financial capital over the long-term
- Development of human capital through a unique base of organisational capital

Key performance indicators

Business growth brand building	Social media reach Facebook 6,332,934 Instagram 121,347 Tik tok 687,745 FB Star 4.8 customer satisfaction survey
Efficiencies	<ul style="list-style-type: none"> • Cost savings through process automation • Improvements in transaction turnaround time

 80,000+ Customer Base	 10,000+ Customers acquired during the year
 1% y-o-y increase in customers in 21/22	 43 Total Branches



Brand value and brand trust

Collective knowledge of employees

Compliance through Code of Conduct

Customer privacy and data security

Way Forward

- Drive further improvements in processes and system efficiencies
- Continue brand building through increased engagement and personalized service delivery

Brand Value

As a subsidiary of Singer (Sri Lanka) PLC, the Company benefits from the strength of the Singer brand, which is one of the country's best loved brands, with a legacy of over 144 years. While preserving the trust associated with the heritage brand Singer and the strength of the ultimate parent company Hayleys, Singer Finance has sought to nurture its own unique identity within the financial services sector underpinned by integrity, excellent customer service and high standards of governance. This identity is also supported by Singer Finance's journey over the last 18 years in providing ethical financial services and nurturing long-term relationships with its customers and communities.

In a year which was characterised by extraordinary uncertainty and volatility, the Company remained true to its core values by adopting an empathy-led approach in supporting customers who were experiencing financial distress. The Company therefore engaged proactively with customers, providing options for flexible payments and reschedulements, which in turn strengthened its equity among others.

In addition, the Company obtained a national long-term credit rating of A(Ika) by Fitch Ratings Lanka Limited, attesting to the strength of its financial profile and its creditworthiness.

Our Mission

To continuously improve the quality of life of Sri Lankan's by providing convenient financial solutions whilst encouraging savings by providing the most friendly and reliable fixed deposit services within the regulatory framework.



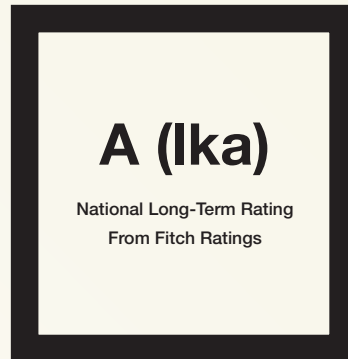
Great Place to Work – BFSI
– Among top 10 Companies



SAFA Award – Certificate of Merit



CA Sri Lanka Annual Report Awards









Singer Finance recognized as Training partner
for Corporate & Strategic Levels

Brand Accolades

Brand visibility

During the year Singer Finance sought to increase brand visibility through strategic and tactical Above-The-Line campaigns such as hoardings, street nameboards, radio and print media. Greater emphasis was also placed on Below-The-Line advertising as highlighted below:

					
Social media and google advertising	Chatbot tools for customer engagement and feedback	62,203 Followers 24% Growth	1,591 Followers 25% Growth	2,592 Followers 72% Growth	34,700 Followers 100% Growth

Campaigns <ul style="list-style-type: none"> ■ Achievers CEO club ■ Cash Hunt campaigns ■ Local area promotional campaigns such as town storming and townhall meetings ■ Leaflet distribution ■ Door to door marketing campaigns 	Business Introducer Network <ul style="list-style-type: none"> ■ Island wide network of approximate 2,200 freelancers ■ Referrals and recommendations to new clients ■ 10,000+ new customers added during the year 	Group synergies <ul style="list-style-type: none"> ■ Singer showroom network with more than 1,000 direct and indirect selling points ■ Singer and Hayleys network for agricultural equipment financing 	Group Sales <ul style="list-style-type: none"> ■ Leading company in consumer financing for consumer durables sold by Singer Sri Lanka (PLC)
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Tacit knowledge and experience

The uncertainty stemming from external pressures and ever-evolving technological trends continue to present new dynamics to how we operate and serve our customers. Resultant from the pandemic, the financial services industry has been evolving rapidly, driven by changing customer expectations, heightened competition, and technological advancements. The culture of knowledge management and knowledge sharing has enabled Singer Finance to develop a strong base of organizational capital, contributing towards its ability to respond with agility and resilience to these evolving trends.

The Company has a young team of talent, supported by an experienced management team that combined fresh perspectives with a wealth of knowledge and expertise. The company's growth aspirations center on upskilling talent through training and development propositions to build diverse teams that is future fit. Leadership and mentoring are integrated to the organizational ethos

as we continue to hone a collaborative, knowledge sharing culture. With an open-door communication policy, employees are encouraged to express themselves, provide feedback and participate in decision making.

Systems and Processes

Recent emphasis towards improving internal efficiencies has led to the review and upgrade of our systems and processes to suit the current business environment. We continue to make investments in process automation and workflows to minimize manual operations, improve accuracy and free employee time for more value adding activities. Adaptation of BI tools for data gathering and analytics has enabled improved back-end systems with faster and more accurate processing of information. These upgrades in systems and process have enabled the Company to generate considerable cost and time efficiencies while sharpening the competitive edge through better service delivery.

With the increased reliance on technology, we are cognizant of the importance to secure data and systems from external threats and vulnerabilities. A comprehensive IT policy sets out the guidelines and response plan for IT asset utilization, management, and protection. Initiatives for user awareness and protection is conducted through employee knowledge sharing campaigns and internal controls with restrictive user access.

IT Security Policy Highlights

- Facilitating confidentiality of information
- Integrity of information
- Preventing cost of security breaches
- Protecting company reputation and brand image

Ethics and Compliance

The Company iterates its strategic focus on building the trust and confidence of customers through its compliance

Intellectual Capital

framework set out by the Board. A dedicated compliance officer at Singer Finance ensures adherence to all relevant laws and regulations. Internal policies and procedures are constantly reviewed and updated in line with the legal and regulatory framework. The Company's Code of Conduct acts as the central policy to set the tone of conduct expected by employees to uphold integrity, honesty and fair dealing. This is further strengthened by the Code of Ethics and the formal Whistleblowing Policy to support the ethical practices and compliance culture promoted by the Company.

The Company's Outsourcing policy provides detailed guidance necessary to further strengthen the security, integrity, and protection of our systems. Continuous awareness programs ensure that employees with access to customer information are well trained with industry best practices for customer information handling.

Certifications

We have obtained SSL certification for Online Banking & Internet Payment Gateway

Code of Ethics Highlights

- Exercise honesty, objectivity and diligence when performing one's duties.
- Work within applicable laws and regulations.
- Maintain confidentiality of commercial and price-sensitive information.
- Strictly avoid giving or accepting any kind of a bribe, either directly or indirectly.

Customer Privacy and Data Security

Guided by the IT policy and the regulatory compliance framework, we continue to take routine measures to safeguard the confidentiality and the privacy of customer data. To ensure a high standard of data security we have partnered with a back-end service provider certified with the latest Payment Card Industry Security Standard V3.2 (PCIDSS).

The Company's environmental impacts stem primarily from employee consumption of water and electricity and use of paper. Despite our relatively low impacts, we are committed to driving sustained reductions in the carbon footprint in our operations and reducing paper consumption.

Highlights of 2021/22

- Reduced consumption of paper through increased digital drive
- Ongoing focus on waste reduction
- Supporting financial inclusion through financial solutions

Value nurtured/trade-offs

- **Rs. 14.4 mn** investment in digital solutions
- Employee awareness on preserving energy and water

Key performance indicators

Natural inputs	121% increase in paper consumption
	10% increase in electricity consumption
	-5% electricity intensity
Natural outputs	10% increase in carbon footprint



Rs. 25,910 Mn
loans to
individuals

1,178,069
Kwh of
electricity

9,708,450
liters of water
consumed

10% increase
in carbon
footprint

Way Forward

- Investment towards solar panels to meet energy requirements
- Increase digital competencies through further automation of workflows

Managing environmental impacts

Our environmental agenda focuses on creating awareness in employees regarding environmental consciousness to drive responsible use of resources and champion positive change. We are committed to minimizing our impact on the environment through optimum utilization of resources, attitudinal and behavioral changes and pledging to reduce, reuse and recycle whenever possible.

Environmental policy

Conservation and preservation

Conserving the use of natural resources such as water and energy to the extent practicable

Collaboration with communities

Collaborating with the communities we work to conserve and rejuvenate the environment

Optimizing resource utilization

Minimize environmental impacts and risks through efficient practices and processes

Waste prevention and management

Reduce the quantity and degree of waste generated from our operations in a responsible manner. We practice 'Reduce, Reuse and Recycle' principles in our routine activities.

Environmental Management Approach

Environmental Impact Management

Our operations



Digitalization to improve efficiency

- Conversion of manual processes to digital platforms enabling reduction in paper usage and cost rationalization through efficiency improvements.
- Online file approving process initiated to minimize stationary usage
- All Singer Finance utility bills, including electricity, water, telephone, internet, and other facilities paid online
- Use of SMS promotions for gold loans and other services as a cost-effective method for reaching a broader target audience
- Use of website and social media channels for effective communication where response is given within 24 hours
- Payment due date and arrears reminders to customers made through SMS, cutting down cost on postage and minimizing paper usage



Reduce

- Minimize stationery consumption through digitalization of manual documentation
- Monitor and control paper consumption

Re use

- Paper is reused for internal office purposes

Recycle

- Recycling of wastepaper resulting in 446 kgs of paper being recycled during the year
- E-waste collected by Singer distribution centers on request and disposed in an environmentally friendly manner in collaboration with Central Environment Authority (CEA).

Waste management

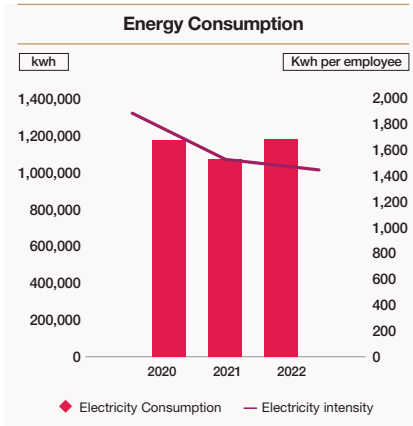
Paper is the largest component of waste generated within the organization and we have increased our focus on controlling the paper waste generated while practicing responsible disposal to minimize the negative impact on the environment.



446 KG (+121%)
Paper recycled

Energy and water saving measures

- Implementation of electricity reduction measures such as limiting weekend work schedule to save air conditioning and total electricity usage
- Creating awareness among employees to conserve electricity by switching off air conditioners, fans and light and computers when not in use.
- Switching to energy efficient LED lighting system and LCD monitors at head office and branches
- Through awareness creation on conscious practices, employees are educated to minimize their water consumption.





Over the past few years, Singer Finance has successfully focused on its strategic priorities by recalibrating the business to transform itself to deliver consistent performance. With a shared strategic vision and a solid foundation in place, we focus on accelerating our momentum of growth.

GRI Context Index

GRI Standard	Disclosure	Page number	Omission
GRI 101: Foundation 2016 (does not include any disclosures)			
General Disclosures			
GRI 102: General Disclosures 2016	102-1 Name of Organisation	Inner Back cover	
	102-2 Activities, brands, products and services	135	
	102-3 Location of headquarters	Inner Back cover	
	102-4 Location of operations	37	
	102-5 Ownership and legal form	150	
	102-6 Markets served	37	
	102-7 Scale of the organisation	6-7	
	102-8 Information on employees and other workers	39-44	
	102-9 Supply chain	45-48	
	102-10 Significant changes to the organisation and supply chain	N/A	
	102-11 Precautionary principle	61-67	
	102-12 External initiatives	45-48	
	102-13 Membership of associations	45-48	
	102-14 Statement from senior decision maker	14	
	102-16 Values, principles, norms and standards of behaviour	4, 34-54	
	102-18 Governance Structure	69	
	102-40 List of stakeholder groups	27-28	
	102-41 Collective bargaining agreements	N/A	
	102-42 Identifying and selecting stakeholders	27-28	
	102-43 Approach to stakeholder engagement	27-28	
	102-44 Key topics and concerns raised	26	
	102-45 Entities included in the consolidated financial statements	N/A	
	102-46 Defining report content and topic boundary	4-5	
	102-47 Material topics	26	
	102-48 Restatement of information	N/A	
	102-49 Changes in reporting	N/A	
	102-50 Reporting period	4	
	102-51 Date of most recent report	4	
	102-52 Reporting cycle	4	
	102-53 Contact point for questions regarding Report	5	
	102-54 Claims of reporting in accordance with GRI Standards	5	
	102-55 GRI context index	56-57	
	102-56 External assurance	58-60	
Material topics			
Economic Performance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	26	
	103-2 The Management Approach and its components	27-28	
	103-2 Evaluation of the Management Approach	27-28	
GRI 201: Economic Performance 2016	201-1- Direct economic value generated and distributed	225	
	201-2- Financial implications and other risks and opportunities due climate change	N/A	
	201-3 Defined benefit plan obligations and other retirement plans	196	

GRI Standard	Disclosure	Page number	Omission
Energy			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	53-54	
	103-2 The Management Approach and its components	53-54	
	103-2 Evaluation of the Management Approach	53-54	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	53-54	
Environmental compliance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	53-54	
	103-2 The Management Approach and its components	53-54	
	103-2 Evaluation of the Management Approach	53-54	
GRI 307 Environmental compliance	307-1 Non-compliance with environmental laws and regulations	N/A	
Employment			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	39-44	
	103-2 The Management Approach and its components	39-44	
	103-2 Evaluation of the Management Approach	39-44	
GRI 401: Employment 2016	401-1 Employee hires and turnover	39-44	
	401-2 Benefits provided to full time employees that are not provided to temporary or part-time employees	39-44	
Training and education			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	39-44	
	103-2 The Management Approach and its components	39-44	
	103-2 Evaluation of the Management Approach	39-44	
GRI 404: Training and education	404-1 Average hours of training per year per employee	39-44	
	404-2 Programs for upgrading skills and transition assistance programmes	39-44	
	404-3 Percentage of employees receiving regular performance and career development reviews	39-44	
Local Communities			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	45-48	
	103-2 The Management Approach and its components	45-48	
	103-2 Evaluation of the Management Approach	45-48	
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments and development programmes	45-48	
Marketing and labelling			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	45-48	
	103-2 The Management Approach and its components	45-48	
	103-2 Evaluation of the Management Approach	45-48	
GRI 417: Marketing and labelling			
	417-2 Incidents of non-compliance concerning product and service information and labelling	45-48	
	417-3 Incidents of non-compliance concerning marketing communications	45-48	

Independent Assurance Report to Singer Finance (Lanka) PLC



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We have been engaged by the Directors of Singer Finance (Lanka) PLC ("the Company") to provide reasonable assurance and limited assurance in respect of the Sustainability Indicators as identified below for the year ended 31 March 2022. The Sustainability Indicators are included in the Singer Finance (Lanka) PLC's Integrated Annual Report for the year ended 31 March 2022 (the "Report").

The Reasonable Assurance Sustainability Indicators covered by our reasonable assurance engagement are:

Assured Sustainability Indicators as per statutory Financial Statements (audited) for the year ended 31 March 2022, dated 10 May 2022 and the audit report dated 10 May 2022 thereon	Integrated Annual Report Page
Financial Highlights	07

The Limited Assurance Sustainability Indicators covered by our limited assurance engagement are:

Limited Assurance Sustainability Indicators for the year ended 31 March 2022	Integrated Annual Report Page
Non-Financial Highlights	08
Information provided on following	
Financial Capital	34 – 35
Manufactured Capital	36 – 38
Human Capital	39 – 44
Social & Relationship Capital	45 – 48
Intellectual Capital	49 – 52
Natural Capital	53 – 54

Our conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Reasonable Assurance Sustainability Indicators

In our opinion, the Reasonable Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2022 are, in all material respects, prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Limited Assurance Sustainability Indicators

Based on the limited assurance procedures performed and the evidence obtained, as described below, nothing has come to our attention that causes us to believe that the Limited Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2022, have not in all material respects, been prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Management's Responsibility

Management is responsible for the preparation and presentation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

These responsibilities includes establishing such internal controls as management determines are necessary to enable the preparation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators that are free from material misstatement whether due to fraud or error.

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

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

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

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

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



Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibility

Our responsibility is to express a reasonable assurance conclusion on the Company's preparation and presentation of the Reasonable Assurance Sustainability Indicators and a limited assurance conclusion on the preparation and presentation of the Limited Assurance Sustainability Indicators included in the Report, as defined above.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

SLSAE 3000 requires that we plan and perform the engagement to obtain reasonable assurance about whether the Reasonable Assurance Sustainability Indicators are free from material misstatement and limited assurance about whether the Limited Assurance Sustainability Indicators are free from material misstatement.

Our firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and 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.

Reasonable assurance over Reasonable Assurance Sustainability Indicators

The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material misstatement of the Reasonable Assurance Sustainability Indicators whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the Reasonable Assurance Sustainability Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the preparation and presentation of the Report.

Our engagement also included assessing the appropriateness of the Reasonable Assurance Sustainability Indicators, the suitability of the criteria, being the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines, used by the Company in preparing and presenting the Reasonable Assurance Sustainability Indicators within the Report, obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Company, and re-computation of the calculations of the Reasonable Assurance Sustainability Indicators.

Limited assurance on the Assured Sustainability Indicators

Our limited assurance engagement on the Limited Assurance Sustainability Indicators consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance Sustainability Indicators, and applying analytical and other procedures, as appropriate. These procedures included:

- interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquiries of management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Limited Assurance Sustainability Indicators;
- enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance Sustainability Indicators, including the aggregation of the reported information;

Independent Assurance Report to Singer Finance (Lanka) PLC



- comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- reading the Limited Assurance Sustainability Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company;
- reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Indicators.

Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Reasonable and Limited Assurance Sustainability Indicators are prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and for no other purpose or in any other context.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.

CHARTERED ACCOUNTANTS

Colombo
21 May 2022

Risk Management

Being a finance company, Singer Finance manages risk for the benefit of its customers and other stakeholders. The Company is exposed to a range of market, credit, operational and financial risks. The Company's risk management and internal control systems are designed to ensure that these risks are managed effectively and efficiently in a way that is aligned with the Company's strategy.

Risk landscape

The COVID-19 pandemic has caused severe disruption across the world, and well into the second year of its outbreak, it continues to cause major strain on communities, livelihoods and businesses. The uncertainties and unpredictability brought about by the pandemic have demanded all businesses to fundamentally rethink their traditional operating models, business models and customer value propositions.

In this landscape, for Singer Finance, risk management involves:

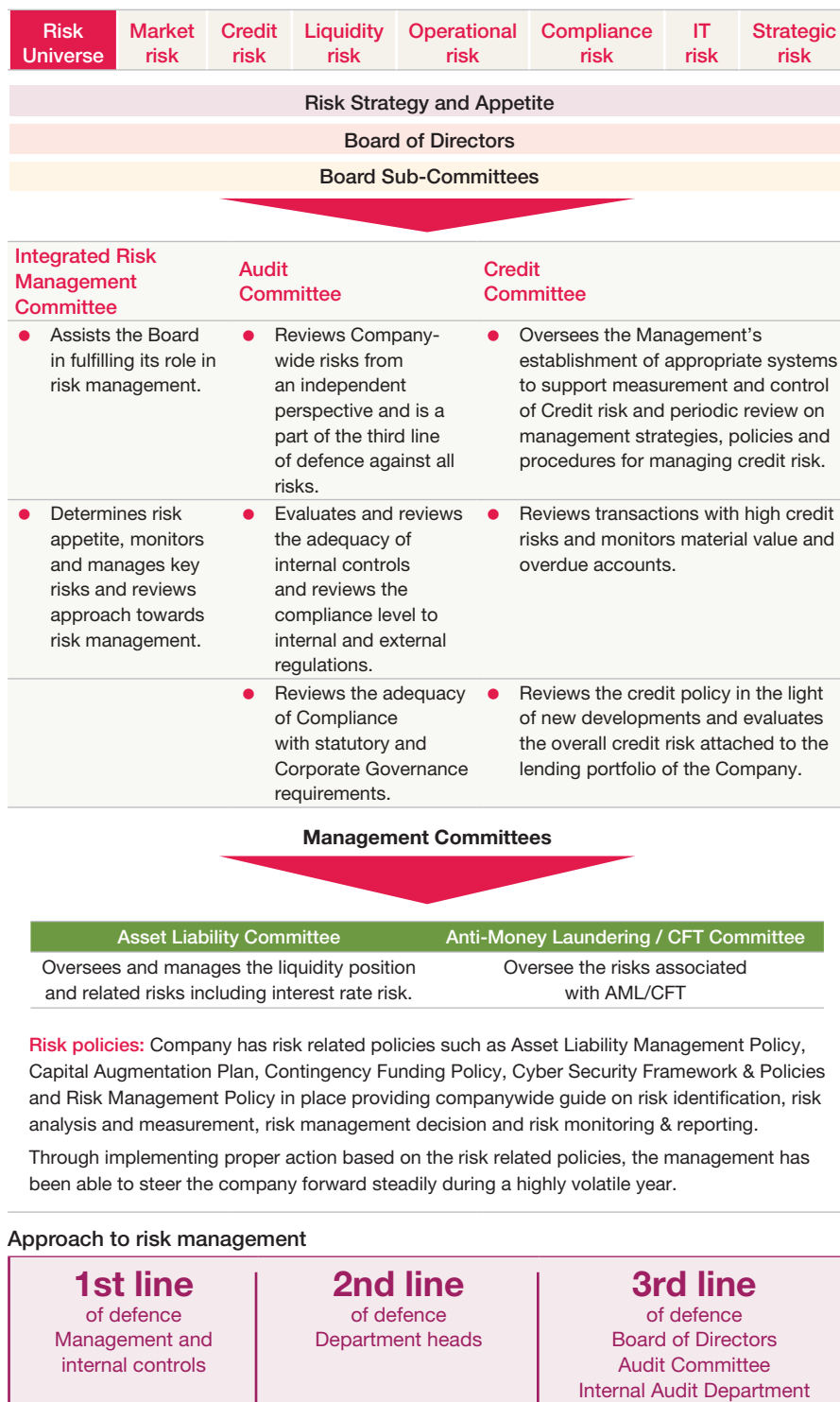
- Understanding risks that the Company faces;
- Maintaining a company-wide framework through which the risk-return trade-off associated with these risks can be assessed;
- Maintaining risk tolerances and supporting policies to limit exposure to a particular risk or combination of risks and
- Monitoring risk exposures and actively maintaining oversight of the Company's overall risk and liquidity positions.

Highlights of 2021/22

- Company conducted ALCO, Credit Committee and AML/CFT Committee meetings regularly to ascertain risks of the Company.
- Outcomes of above committee meetings are reported to the Board through IRMC.
- Company has started to implement an AML & Transaction Monitoring System to secure the AML risk.

Risk management framework

Our comprehensive risk management framework, which allows us to proactively identify and manage financial and non-financial risks in order to safeguard the Company is depicted below.



Risk Management

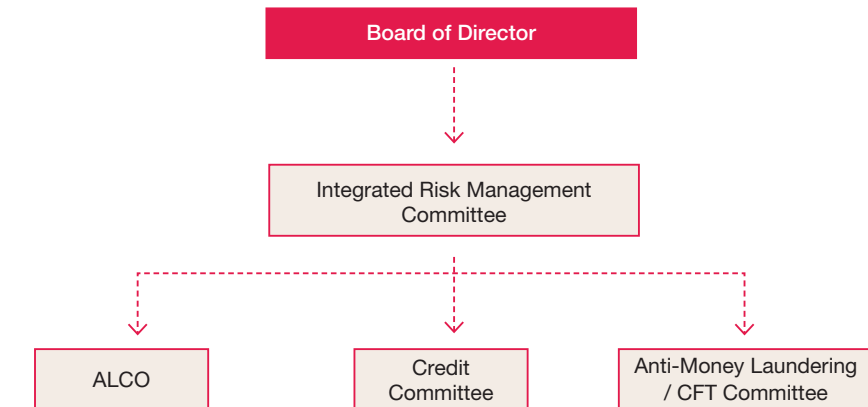
Risk management process



Risk Governance

The Board of Directors is the apex body which sets the tone for effective risk management in the Company. The Board provides oversight for the risk management function through the Integrated Risk Management Committee (IRMC) and the dedicated risk department of the Company. The IRMC met each quarter of the year to discuss all risks pertaining to the Company.

As risk management remains the ultimate responsibility of the Board, the Board reviews the effectiveness of the Risk Management Framework to ensure it is up-to-date and relevant to dynamic changes taking place in the external environment. The Board is also responsible for setting the Risk Appetite levels which is implemented by the corporate management. The Board has delegated some of the responsibilities in this area to the relevant Board Sub-Committees which report to the Board on the current risk status of the Company on a periodic basis. The IRMC monitors material risks and relevant risk appetites which require Board's attention.



Risk Strategy

As a Licensed Finance Company (LFC) our business is exposed to multiple risks. In response to these risks and to mitigate the harmful effects of these risks, we have developed a structured approach to manage risks and the appropriate risk appetite levels. Our risk management strategy is further supported by allocation of resources and formation of committees to ensure governance. Furthermore, we strive to embed risk management in our key strategic and operational decision-making processes.

Risk Appetite

Risk appetite is defined as the level of risk the Company is prepared to assume within its risk capacity to achieve its strategic objectives. The Board takes into account the strategic business goals, the operating environment, stakeholder expectations as well as the regulatory requirements in determining the risk thresholds. The risk appetite ensures that the Company works within these Board approved tolerance limits for each material risk category which are set based on discussions between Business Heads and relevant Board Sub-Committees. The Company maintains a

zero appetite for non-compliance with regulatory and non-compliance while it has set acceptable tolerance levels for other risks.

Risk Culture

A high level of risk awareness is essential to establish financial stability of the Company and strengthen business line growth strategies. Building a sound risk culture in an organisation is a continuous process. In order to establish a risk awareness culture across the organisation, appropriate training and awareness programmes are conducted on a frequent basis. During the year, several training programmes were conducted to strengthen the risk reporting functions.

Credit risk

Definition	<p>Credit risk is the most significant risk faced by financial institutions like ourselves which engage in offering a portfolio of business and consumer credit products. Credit risk refers to the risk that a borrower may not repay what is due on a loan or lease and the loss of the principal of the loan or the interest associated with it. These losses that create a negative impact on the value of our credit portfolio may arise due to default or an overall deterioration in credit quality.</p> <p>The major drivers of credit risk are default risk, concentration risk and correlation risk. The latter arises from common risk factors between different borrowers, industries, or sectors which may lead to simultaneous default.</p>
Management	<p>The Credit Policy and Manual governing all credit risk related activities of the Company is the foundation for creating awareness among employees at all levels.</p> <p>The highest authority in credit approval is vested with the Board of Directors. Under the purview of the Board, the Credit Committee regularly reviews the exposure limits of the Company to maintain credit quality and recommends appropriate measures to the Board.</p> <p>Singer Finance has a structured and standardised credit approval process and a borrowers evaluation model that we use to assess risk associated with credit proposals. We have introduced a risk-based approach to achieve an appropriate balance between risk and reward while continuing to enhance our risk management capabilities to support the achievement of corporate objectives.</p> <p>We have also established an online system for credit approvals which allows the branch manager to approve the facility via the system and send it to the head office for further processing.</p> <p>Portfolio management</p> <p>Diversification of our portfolio allows us to limit concentration of exposure and the associated adverse impacts. We have established systems for identifying credit weaknesses and deterioration of credit quality well in advance through periodic monitoring, evaluating portfolio quality and tracking the migration of borrowers from one rating scale to another. These measures enable us to effectively manage the Company's credit portfolio.</p> <p>Segmentation</p> <p>The geographic spread of risk for Singer Finance spans across the island as our loan portfolio consists of credit originating from all branches as well as the Head Office. We have refined the segmentation of our loan book further with a view to improving the assessment of the portfolio credit risk in a more proactive manner. This has helped identify risks pertaining to sectors affected by COVID, and to make adequate provisions for facilities within these sectors and to provide moratoriums as directed by the regulator.</p> <p>Continuing emphasis on asset quality</p> <p>Since inception, the management of Singer Finance has maintained a sharp focus on the effectiveness of our systems and controls for identifying, monitoring and addressing asset quality in a timely manner. This focus has certainly borne fruit, as Singer Finance non-performing asset levels are significantly below the industry</p> <p>Identifying the concentration of exposures</p> <p>Concentration risk arises due to two forms of imperfect diversification.</p> <ul style="list-style-type: none"> ● Concentration risk related to imperfect diversification of idiosyncratic risk in the portfolio due to large exposures to specific individuals. This risk is managed by monitoring and stipulating prudential risk limits on various risk parameters including single borrower limits. ● Concentration risk arising from imperfect diversification across sectors. We manage this risk by setting sector and industry exposure limits. The wide geographical spread of our branches and the service center network also plays a key role in helping manage the potential risks of sector concentration. This is particularly helpful in mitigating risks arising from natural disasters, floods, droughts, landslides that affect the agricultural sector. Presently, the Company's credit portfolio is split between consumer and business sectors. Products such as Gold Loans, Factoring and Group Loans further reduce our reliance on corporate customers thereby spreading risk.

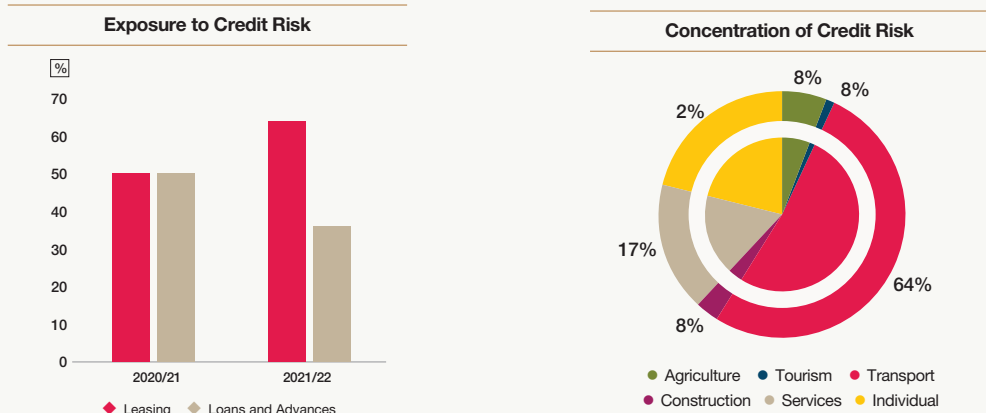
Risk Management

Credit risk

Performance

Compared to the prior year where the impact of the pandemic was more intense our Non-Performing Loans (NPLs) reduced during 2021/22 to 5.19%. This is comparatively better than the industry standard. However, with the moratoriums ending between May to September as per the CBSL directions we expect a certain level of pressure on loan recovery. Around 3% of our customers are still under moratorium and we are currently carrying out customer visits and engaging with them to discuss repayment plans.

We also upgraded our system to facilitate online appraisal as well as geo mapping to capture customer visits. We are also in the process of facilitating CRIB integration with our system. In time to come we hope to establish an AI based system which will help enhance the efficiency and turn-around time of facility disbursements



Market Risk

Definition

Market risk arises due to adverse changes in market variables such as interest rates, foreign exchange rates, equity and commodity prices. Of these risks, interest rate risk poses the most significant risk exposure to the Company.

Management

Singer Finance uses a multi-pronged approach to managing market risk. We exercise effective controls over the operation and execution of market related transactions while facilitating business growth within our transparent risk management framework. We keep a critical focus on ensuring that the Company's overall risk exposure is not too high so that it is maintained at prudent levels and remains consistent with available capital at point in time. We place great emphasis on compliance with regulatory requirements as we recognize that they have been established especially for the purpose of limiting risk for non-bank financial institutions.

Interest Rate Risk

Definition

Interest rate risk is the risk where changes in the market interest rates may adversely affect a company's financial condition. The impact of changes in interest rates affects the Company's earnings in the near term. The long-term impact would be on the Company's net worth as the economic value of its assets and liabilities linked to different rates gets affected by the movement in the market interest rates.

Management

We closely monitor the Company's Net Interest Margin (NIM) variances and take appropriate remedial action in a timely manner. This has enabled Singer Finance to maintain its NIM at an acceptable level, ensuring that projected earnings of the Company fall well within the expected levels. The Company uses gap analysis to measure the re-pricing risk of our assets and liabilities. This gives us an indication of the impact of interest rate changes on the profitability of the Company. Based on the outcome of the gap analyses, the Company takes measures to mitigate potential adverse impacts. Interest rate is managed with different products such as Leasing, Consumer Financing (Group Sales and Mega), Loans, Gold Loans and Factoring. Although out of the entire receivable portfolio, about 65% relates to leasing, the leasing portfolio is divided among various sectors, products, geographies by allocating exposure limits to manage risk. In order to match longer term receivables, the company has obtained long term financing to manage the maturity gap. Further, the Company's focus on increasing the FD portfolio to broad base its borrowings has shown significant results during the year. The Company aims to focus more on Savings (Children and Normal) products as the cost of borrowings is low.

Interest Rate Risk

Performance	The Company is able to attract funds at a comparatively lower rate due to its financial strength and higher credit rating than most of its peers. The company's diversified lending portfolio enables the company to sustain healthy NIM's at expected levels. Singer Finance operated at healthy NIM's during the year under review, thus, the Interest rate risk was successfully managed.
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Liquidity Risk

Definition	This refers to the risk that the Company may encounter in meeting its obligations on financial liabilities as and when they fall due. Liquidity risk brings with it the possibility that the Company may need to sell assets at a value below their underlying worth or may result in inability to exit from the liabilities.
Management	<p>The Company manages liquidity risk in accordance with the regulatory guidelines set by the Central Bank of Sri Lanka. Efficient cash flow management, maintaining a highly liquid assets portfolio as required by regulations and adopting a prudent funding strategy helps the company manage liquidity risk effectively. We monitor our liquidity ratios continuously to adhere to internal guidelines and regulatory requirements. The Company ensures it has access to diverse sources of liquidity to allow us the flexibility in meeting our obligations as they fall due. Fixed deposits form a significant part of the Company's ongoing sources of funding. In recognizing the importance of this segment to our overall profitability as well as liquidity, the Company strives to sustain the growth achieved during the year and further grow this segment of our portfolio.</p> <p>Singer Finance also has the option of managing liquidity by borrowing from banks as well as its Parent Company, Singer (Sri Lanka) PLC. Overall, the Company follows a conservative approach to managing liquidity by having in place a healthy governance structure, policy framework and review mechanism that ensures the availability of adequate liquid resources even under stressful market conditions.</p>
Performance	With prudent liquidity management, the company has been able to mitigate the liquidity risk. Adequate liquidity buffers are maintained by the company to face emergency situations. The Company has access to liquidity from its immediate parent and ultimate parent companies if required. During the year under review, the company managed the liquidity risk successfully.

Strategic Risk

Definition	Potential losses arising from the possible flaws in the Company's future business plans and the possibilities of strategies being inadequate to mitigate the dynamic changes in the operating landscape.
Management	Robust mechanism have been established for the formulation of our strategy including inputs by the Corporate and Executive Management team, assessment of the operating landscape, consideration of stakeholder needs and finally deliberations by the Board of Directors. We have reviewed the potential impact of COVID-19 on the Company's Corporate Plan and strategic priorities have been calibrated to adapt to emerging developments. We continuously monitor our performance against set targets to assess strategic risk exposures.
Performance	Strategic plans set by the Board were actioned by the management and the Board reviewed the progress periodically. More focus was given to execute the plans set to mitigate the risks due to COVID 19, whilst the business expansion remained a top priority. The company was able to carry out its branch expansion successfully, and considerable amount of work was carried out to strengthen digital capabilities of the company.

Risk Management

Information Security Risk

Definition	Information security risk refers to the impacts that could occur due to the threats and vulnerabilities associated with the operation and use of information systems and the environments in which those systems operate.
Management	We have in place a well-defined, up to date, and strong IT Security Policy which ensures that all critical systems are protected against known security threats. The Company educates employees on the importance of data security, integrity and privacy and enforces secure password algorithms. The Company has installed and maintains an up-to-date anti-virus software for servers, at Head Office, and at all branches. Regular IT audits and periodic disaster recovery drill testing are part of the Company IT Security procedures. As part of the Business Continuity Plan, regular database backups are taken and stored at an offsite location from the Head Office. The Company also maintains encrypted database backups to secure Company and customer information. The IT Security Policy also ensures that any new products and services to be introduced by the company and new systems that are integrated into the Company IT infrastructure are validated and tested thoroughly before implementation. The Company's Information Technology Division proactively implements policies and puts in place procedures that enhance and maintain information security controls and systems. The Company implements policies and procedures to safeguard the confidentiality of information. All Singer Finance employees are made aware of the importance of the security of information and confidentiality. Certain critical information is made available only to selected employees and the ethical values that the Company propagates also stress the need to maintain confidentiality.
Performance	The company has given due consideration to mitigate Information Security Risk. The company has taken necessary steps to strengthen the resources of IT and Digitalisation sphere of the company in order further reduce the IT risk. Services from external experts were obtained as and when required by the company. There were no incidents with regard to Cyber Security breaches were reported during the financial year under review.

Compliance Risk

Definition	Compliance risk is the risk of failure to comply with the letter and spirit of all statutes, regulations, supervisory requirements and industry codes of conduct, which apply to the Company's business.
Management	At Singer Finance, compliance describes the way we do business, the way we make decisions and the way we act in order to uphold integrity throughout the Company. Adherence to the law and to internal regulations is the foundation of all our business activities. The Company strives to maintain the highest standard of compliance and best practices in all areas that it operates. In keeping with our core values, the Company endeavours to comply with the highest professional standards of integrity and behaviour which build trust. The Company is subject to extensive supervisory and regulatory governance by the Central Bank of Sri Lanka (CBSL). The Compliance Officer of Singer Finance reports to the Board of Directors. The Compliance officer is responsible for ensuring management of compliance risk within the Company. Compliance risk is managed through internal policies and procedures which include legal, regulatory and other technical requirements relevant to the business.
Performance	<p>Regulatory compliance</p> <p>The Company considers compliance with the regulatory requirements and guidelines as core to its business and good governance. The Compliance Officer is responsible for regulatory compliance and also dissemination of regulatory instructions across the Company. As per the Corporate Governance Directives of the Central Bank, the Board ensures compliance with all prudential requirements, regulations, laws and internal controls affecting the Company. During the period under review, there were no material non-compliance with prudential requirements, regulations, laws and internal controls pertaining to the Company except as stated in the Disclosures Report under the Finance Companies Corporate Governance Direction No. 3 of 2008 in page 121 of the report.</p> <p>Anti-Money Laundering and Combating the Financing of Terrorism</p> <p>The Company complies with the directives and legislative requirements of the Government of Sri Lanka including the due completion of the Know Your Customer (KYC) and Customer Due Diligence (CDD) documentation in respect of all our customers and transactions. Since the introduction of the Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) rules the Company continues to implement policies that enable us to fulfil our obligations in terms of customer identification and verification, record keeping, monitoring and the establishment and maintenance of an effective AML/CTF programme.</p>

Business Continuity Plan

A key function of risk management is to ensure business continuity; ensuring that the Company is able to recover with speed from any crises it encounters and get back to normal operations. Our comprehensive Business Continuity Plan (BCP) spells out the processes, procedures and systems which are essential to continue or restore the operations of the Company in the event of disasters, defined by several levels of severity. As part of its BCP, Singer Finance maintains a real time, online data replication system in an external location. In the event of any unforeseen disability of the main system, the Company is in a position to operate the IT system to continue its operations without setbacks. As a key requirement of the Company's BCP, a comprehensive disaster recovery center has been commissioned outside the Company premises with alternate arrangements to facilitate continuing key operations in the event of various pre-defined scenarios.

Internal and External Audit

Internal and external audits are crucial elements of our risk management process. The Board appointed Audit Committee of the Company reviews and takes prompt action on significant risks that have been identified and highlighted by audit reports. The reporting structure of the Internal Audit function is given on pages 122 to 123.

The Company's system of internal controls covers all policies and procedures, enabling significant strategic and operational risks to be managed effectively.

Insurance

Singer Finance has comprehensive insurance policies to cover risks on property, furniture, and fittings, fixed assets, money, electronic equipment etc. These policies have been timely renewed and are in active status. Where feasible and appropriate, the Company uses insurance policies to transfer the risk of high severity losses arising from fraud and external events beyond the Company's control, including natural disasters, theft, burglaries etc.

Capital Adequacy Ratio

The Capital Adequacy Ratio (CAR) is an indication of a company's financial stability. Singer Finance complies with regulatory requirement for CAR as required by the CBSL and applies the standardised measurement method for Market Risk and Operational Risk. This framework requires risk weighted assets to be calculated for credit risk and operational risk as stipulated by the CBSL. According to these guidelines Tier 1 and Total Capital Adequacy Ratios should be within the benchmarks of 7% and 11% respectively. On these bases, our CAR is at a strong position, which is above the minimum required by the regulator for providing a healthy cushion against any potential losses.

Caveat

Although the key sources of risk and their mitigation procedures have been discussed in this document, no assurance can be given that the Company is fully-protected against all possible risks. As noted in the Report the best that can be achieved is reasonable management of risks through a sound operational framework that identifies, evaluates and mitigates the negative impact in a timely manner at multiple intervals. In this context, the Company is confident that all material risk factors have been adequately assessed and managed to ensure the uninterrupted and profitable continuity of the business.

Corporate Governance



Chairman's Message on Corporate Governance

The year under review was a challenging one with the trickle-down effects of the pandemic as well as macro-economic stresses testing the resilience of the Company while revealing the criticality of effective, ethical and adaptable leadership and governance. The Company's robust corporate governance framework provided the required foundation to steer through these challenges and respond efficiently to guide the Company towards better performance and operational standards.

The corporate governance framework and policies are reviewed at regular intervals to maintain alignment with the Company's strategy, regulatory requirements, dynamic business environment, technological advancements and best practices. This approach to

corporate governance has reinforced the Company's success and recognition and has succeeded in maintaining the trust and confidence placed by the stakeholders over the years.

During the year under review, the Board focused more on strengthening its governance on related party transactions wherein a Related Party Transactions Review Committee was formed within the Company. Considering the enhanced volatility of the economic landscape and the fluctuation in interest rates the ALCO meetings were held on a regular basis. The Board Credit and the Remuneration Committees were strengthened further by appointing an additional member to committee.

This report sets out our approach to governance in practice, how the Board operated in 2021/22 and discharged its duties during the year. On behalf of the Board, I wish to confirm that throughout the financial year ending 31st March 2022 and as at the date of publishing this Annual Report, Singer Finance PLC was compliant with the Listing Rules of the Colombo Stock Exchange and Finance Companies Direction No. 3 of 2008 on Corporate Governance and amendments thereto. The tables set out on pages 75 to 120 of the Corporate Governance Report depict the extent of adherence

with the Code of Best Practice on Corporate Governance, issued by the ICASL. Further, the Company has complied with the provisions of the Companies Act No. 07 of 2007 and other statutes as applicable to the Company. I wish to state that to the best of my knowledge and available information, I am not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by the Directors of the Board.

In conclusion, I wish to extend my appreciation to the members of the Board who have been supportive and committed in their efforts in implementing a good governance culture within the Company. Going forward, we will ensure that we continuously commit to further improve on transparency, accountability and reporting.

Aravinda Perera
Chairman

10th May 2022

1.1 Our approach to governance

The Board is committed to upholding high standards of corporate governance and our governance framework ensures an appropriate balance of authority and decision-making power, which drives accountability, transparency, and integrity across the organisation. We constantly review our practices and frameworks to ensure that we act in the best interests of our stakeholders through integrity, enhanced accountability, robust risk management and effective performance management.

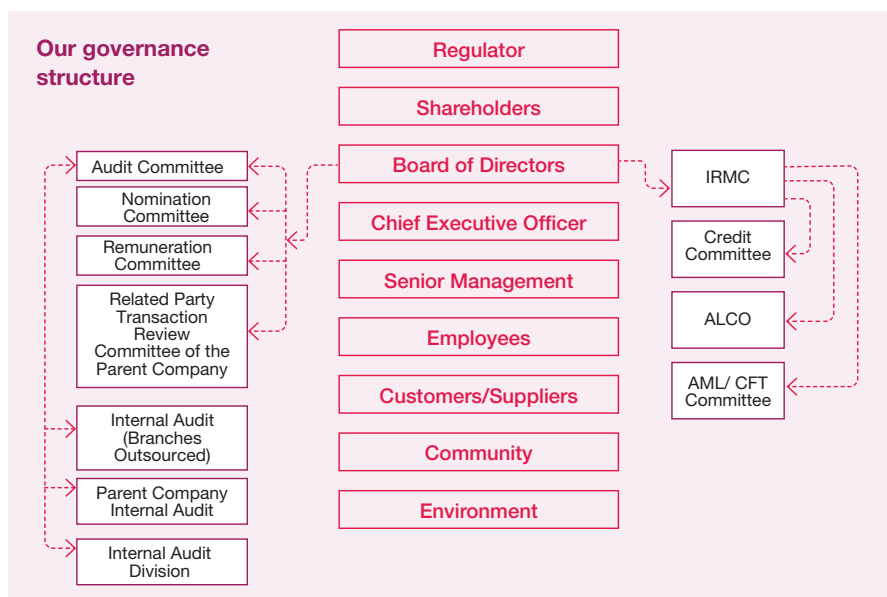
Our Compliance

Mandatory

- Companies Act No 7 of 2007
- Articles of Association
- Finance Companies (Corporate Governance) Direction No 3 of 2008 and subsequent amendments
- Listing Rules of the Colombo Stock Exchange Directives/ Regulations of the Securities and Exchange Commission of Sri Lanka
- Sri Lanka Accounting Standards

Voluntary

- Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC)
- Code of Best Practices issued by the Institute of Chartered Accountants of Sri Lanka
- Code of Business Conduct



Navigating the report

The Corporate Governance Report has been arranged under the following principals, indicating the practices adopted by the Company.

1.1	Our approach to governance	Page 68
1.2	Effective leadership	Page 69
1.3	Fair remuneration	Page 73
1.4	Board accountability	Page 73
1.5	Ethical considerations	Page 74
1.6	Relation with shareholders	Page 74
1.7	Information technology and cyber security governance	Page 74
1.8	Sustainability governance	Page 75

1.2 Effective leadership

1.2.1 Board composition

The Board comprises a mix of Executive, Non-Executive Directors and Independent Non-Executive Directors. The balance between non-executive and executive directors enables the Board to provide clear and effective leadership across all business activities. The Board members display a wide range of skills, experience, expertise and knowledge in the fields of banking, accounting and finance, business acumen, industry knowledge, legal and regulatory requirements and risk management. All Directors exercise independent judgement in the effective discharge of duties, engaging in constructive Board deliberations and objective evaluation of matters set before them.

Board Composition



Diversity of tenure

(1-5) Years	✓	✓	✓	✓	✓	✓	✓
(5-10) Years	-	-	-	-	-	-	-
(10-15) Years	-	-	-	-	-	-	-

Age diversity

Age	Number of Directors
36-45	
46-55	
56-65	
66-70	

Board skill profile

Specialisation	No of Directors					
	1	2	3	4	5	6
Accounting						
Banking & Finance						
Human Resource						
Risk Management						
Auditing						
Legal						
Marketing						
Credit Management						

Gender diversity



Corporate Governance

1.2.2 Board Responsibilities

The Board of Directors are the representatives of the shareholders of the Company holding the ultimate responsibility of determining the strategic direction and risk appetite of the Company while ensuring a sound governance framework is in place. Given below are the key responsibilities of the Board as well as those of the Chairman and CEO.

Responsibilities of the Board

- Formulation of the annual plan which provides the strategic direction for the Company
- Monitor and evaluate the progress on strategy implementation
- Review and approve budgets and major capital expenditure
- Ensure succession planning and the ability of the Company to operate without any disruption
- Promote ethical behaviour and compliance with laws and regulations
- Establish systems of risk management, internal control, and compliance
- Meet shareholders, employees, and other stakeholder's needs while balancing their interests in a fair manner
- Present a balanced and understandable assessment of the Company's position and prospects and ensure compliance to annual and quarterly corporate reporting requirements
- Approval of the finance Company's strategic objectives and corporate values and ensuring that such objectives and values are communicated within the organisation
- Approval of the overall business strategy, including the overall risk policy and risk management procedures and mechanisms with measurable goals, for the next three years
- Identify risks and ensuring implementation of appropriate framework for risk management
- Approval of the communication policy for all stakeholders, including depositors, creditors, shareholders and borrowers
- Review the adequacy and the integrity of the finance company's internal control systems and management information systems
- Identify and designate key management personnel, who are in a position to: (i) significantly influence policy; (ii) direct activities; and (iii) exercise control over business activities, operations and risk management
- Define the areas of authority and key responsibilities for the Board and for the key management personnel
- Ensure that there is appropriate oversight of the affairs in line with the set policies of the company by key management personnel
- Periodically assess the effectiveness of governance practices, including: (i) the selection, nomination and election of directors and appointment of key management personnel; (ii) the management of conflicts of interests; and (iii) the determination of weaknesses and implementation of changes where necessary
- Ensure that the finance company has an appropriate succession plan for key management personnel
- Conduct of regular meetings with the key management personnel to review policies, establish lines of communication and monitor progress towards corporate objectives.

- The Company should apply and possess an understanding the regulatory environment
- Exercise due diligence in the hiring and oversight of external auditors.

Role and responsibilities of the Chairman

The Chairman leads the Board, preserving good corporate governance and ensuring that it works ethically and effectively, acting in the best interest of the Company.

- (a) Provide leadership to the Board; (b) ensure that the Board works effectively and discharges its responsibilities; and (c) ensure that all key issues are discussed by the Board in a timely manner
- (b) The Chairman shall facilitate the effective contribution of non-executive directors in particular and ensure constructive relationships between executive and non-executive directors

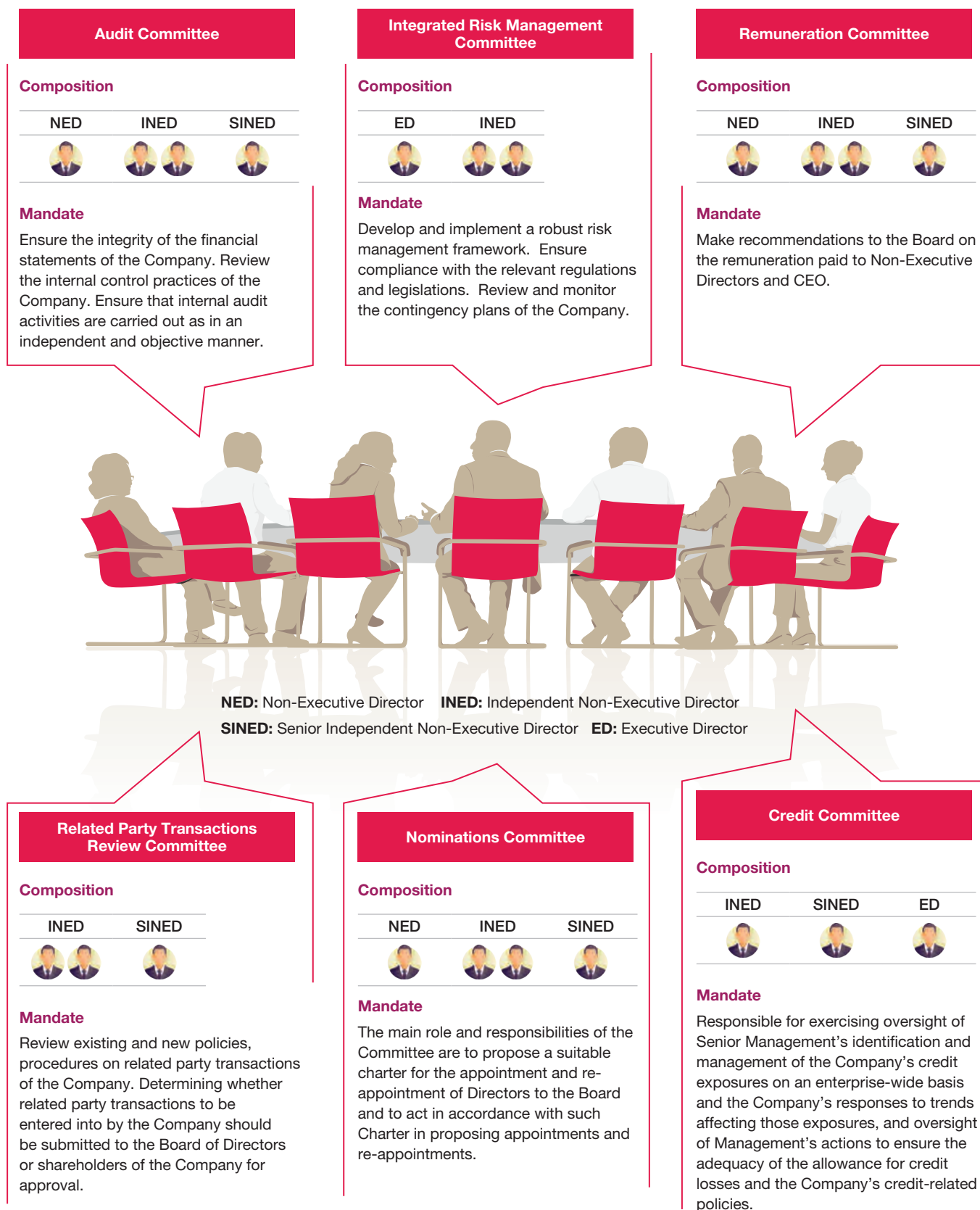
The chairman shall ensure that appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.

Role and responsibilities of the CEO

The CEO is an Executive Director appointed by the Board and is accountable for implementation of the Company's strategic plan and driving the day-to-day business performance.

The Chief Executive Officer shall function as the apex executive-in-charge of the day-today-management of the finance company's operations and business.

The Board has appointed 6 board sub-committees to assist in the discharge of its duties as summarised below.



Corporate Governance

1.2.3 Board Meetings

Board meetings are held monthly with special meetings convened on a need basis. The attendance at these meetings and meetings of sub-committees of the Board is tabled below. The required information for the Board Sub-Committees is provided by the Management as per the frequency in which meetings are held. The Board/Committee members call for additional information in case where the Directors find that the information provided to them is inadequate or not clear. Further, the members of Corporate Management are invited to the meeting whenever the Board/Committee members require to be briefed on certain papers.

Board agenda

Meeting agendas and Board papers are circulated to all Board members well in advance of each meeting to ensure adequate time is dedicated for preparation

Minutes

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

Resolutions

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

Meetings

The Board met 13 times during the year.

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

Name of Director	Board Meetings	Audit Committee	Integrated Risk Management Committee	Related Party Transaction Review Committee (Singer Lanka PLC)	Nomination Committee	Remuneration Committee	Credit Committee
Mr. Aravinda Perera - Chairman/NED	13/13	4/4	-	-	2/2	1/1	-
Mr. Priyath Salgado - INED (resigned w.e.f. 07.08.2021)	5/5	2/2	2/2	-	1/1	1/1	2/2
Mr. Jayanth Perera - Senior INED	13/13	4/4	4/4	2/2	2/2	1/1	2/2
Ms. Darshini Talpahewa - NED	13/13	-	-	-	-	-	-
Mr. Sadeep Perera- NED	12/13	-	-	-	-	-	-
Mr. Thushan Amarasureiya - Director/CEO	13/13	-	4/4	-	-	-	4/4
Mr. Mahesh Wijewardene - NED	13/13	-	-	2/2 **	-	-	-
Mr. Ranil De Silva - INED (appointed on 09.03.2021)	13/13	4/4	-	2/2 (by invitation) **2/2	2/2	1/1	-
Mr. Saman Herath - INED (appointed on 02.09.2021)	07/07	2/2	2/2	2/2	1/1		1/1
Mr. Deepal Sooriyarachchi* - INED				2/2 **			
Mr. D.K. de S. Wijeyeratne* - INED				2/2 **			

(C)- Chairman ED- Executive Director NED- Non-Executive Director INED- Independent Non-Executive Director

1. Mr. Saman Herath was appointed to the Board Audit Committee, Integrated Risk Management Committee, Related Party Transactions Review Committee, Nominations Committee and Credit Committee on 02nd September 2021.
2. Mr. Priyath Salgado resigned from Board Audit Committee, Integrated Risk Management Committee, Remuneration Committee and Credit Committee on 07th August 2021.
3. Mr. Jayanth Perera was appointed as the Chairman of the Board Credit Committee on 06th August 2021.

*Member of the Group Related Party Transaction Review Committee of the parent company

** Group Related Party Transaction Review Committee meetings of the parent company

Board focus areas - 2021/22

1. Singer Finance formed its own Related Party Transactions Review Committee during the year under review. Previously SFL's related party transactions were monitored through the group RPT Committee.
2. Encouraged the management to have regular ALCO meetings considering the external volatility, and report to the Integrated Risk Management Committee.
3. Strengthened the Credit Committee by appointing an additional Board member to the committee
4. Strengthened the Remuneration Committee by appointing an additional Board member to the committee
5. The Board focused on strategic considerations such as branch expansion and improving on the Information Technology and Digitalisation aspects in order to expand the business

1.2.4 Training and development

Newly appointed directors are informed via appointment letters about disclosure requirements, regulatory requirements to be complied with. Directors are also briefed on changes in laws and regulations, tax laws and accounting standards from time to time. In addition, the entire board is trained by resource personnel of the FIU of the CBSL on AML/CFT requirements.

1.2.5 Board appraisal

The performance of the Board and its subcommittees are reviewed and evaluated by the Board and Chairman based on a self-appraisal basis.

The CEO's performance is evaluated in line with the overall corporate plan by the Board in terms of both Financial and

operational achievements compared to targets set at the planning stage.

Governance through the pandemic

Considering the pandemic situation, the Company placed emphasis on adhering to Health and Safety guidelines. Board and all its committees decided to hold meetings via video conferencing facilities. By adapting to the situation, the Board was successful in providing timely strategic direction whilst adhering to the safety protocols.

During the pandemic, the Board monitored the credit risk and collections closely. Decisions were taken to assist customers who were facing payment difficulties due to pandemic – induced externalities. Taking a proactive stance the Board advised the management on liquidity requirements that could arise in the event of unforeseen business exigencies. Thereby the liquidity requirements and buffers maintained were constantly reviewed in line with the evolving external uncertainties.

The Board followed up on the progress of the vaccination of company employees against COVID 19. Further, awareness programmes on COVID 19 were organized by the management under the guidance of the Board.

A COVID Revival Unit was established to guide and assist customers who were affected by the pandemic to revive their businesses and regularise the payments.

1.3 Fair remuneration

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

Chairman of the Board, Executive Directors, and the Senior Management.

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

The remuneration package of the CEO is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short-term and long-term goals and interests of the Company.

The report of the Remuneration Committee is presented on page 127. Directors' remuneration is disclosed on page 160.

1.4 Board accountability

The Board is well aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 140. The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Quarterly and Annual Financial Statements which are prepared and presented in conformity with Sri Lanka Accounting Standards. Accordingly, the Annual Report presents a fair and balanced review of the Company's financial position, performance and prospects. The Board of Directors reviews and approves the Annual Report and third-party assurance has been obtained where relevant, to enhance credibility.

Corporate Governance

Aspects covered by the Code of Ethics

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

The Board has oversight responsibility for risk management, and through the Board Integrated Risk Management Committee regularly reviews and assesses the adequacy and effectiveness of the Risk Management Framework which includes identifying risks, developing risk strategy, formulating policies, setting procedures, establishing limits, and managing exposures, among others.

The Board also formulates and implements effective internal control systems to safeguard shareholder interests and the assets of the Company in meeting strategic objectives. These systems cover all controls, including financial, operational and compliance and are monitored and regularly reviewed for effectiveness by the Board.

1.5 Ethical considerations

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

The Board is not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by any Director or any corporate management member of the Company.

Transparency is encouraged in all public disclosures, as well as in the way business and communication take place with all stakeholders.

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

1.6 Shareholder relations

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

- Shareholders meetings
- Financial and other notices as and when required through the Colombo Stock Exchange
- Corporate website
- Press notices.

The Company proposes separate resolutions at the AGM on each substantially separate issue. Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.

The Company ensures that all valid proxy appointments received for general meetings are properly recorded and counted.

The Chairman of the Company ensures that Chairmen of all Board subcommittees namely, Audit, Remuneration, Nomination and Related Party Transactions Review Committee are present at the AGM to answer the questions under their purview.

The Company Secretary shall maintain a record of all correspondence received and will deliver as soon as practicable such correspondence to the Board or individual Director/s as applicable. The Board or individual Director/s, as applicable, will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretary to send the response to the particular shareholder.

1.7 Information technology and cyber security governance

The IT governance process of the Company ensures that IT objectives are aligned with the business objectives that will meet its strategic and operational objectives. IT governance is an integral part of the corporate governance process which deals primarily with optimizing the linkage between Strategic Directions and Information Management of the Company. Competent and dedicated staff are deployed to support this need. Company investment in IT resources covers the resources operated and managed centrally and resources deployed in various places including the Core-Banking system, other related business systems, internet, emails and other Company-wide data communication systems.

Information technology and cyber security governance are recurring items on the BIRMC. Matters are escalated to the Board when deemed necessary, considering risk, impact, and other prudential measures.

1.8 Sustainability Governance

Singer Finance has always remained committed to understanding and being responsive to the interests and expectations of stakeholders in creating a sustainable business. Environmental, social and governance (ESG) principles are embedded in our operations and considered in formulating our business strategy and reported in a holistic manner within this report.

This Section (pages 75 to 120) sets out the Corporate Governance Principles under CBSL Regulations and Compliance with the same

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
2. The Responsibilities of the Board of Directors	2 (1)	a) Approving and overseeing Strategic objectives and corporate values and ensuring that such objectives and values are communicated throughout the finance Company.	Complied Decisions taken at the Board meetings are communicated to Senior Management. Senior Management Communicates the same to Operational Levels as appropriate.
		b) Approving the overall business strategy of the Company, including the risk policy and risk management procedures and mechanisms with measurable goals for at least immediate next three years.	Complied Senior Management of the Company formulates the annual plan and it is approved by parent Company, Ultimate parent Company and the Board of Directors of the Company.
		c) Identifying risks and ensuring implementation of appropriate systems to manage the risks prudently.	Complied The Risk Portfolio of the Company is overseen by the IRMC and its deliberations.
		d) Approving a policy of communication with all stakeholders, including depositors, creditors, shareholders and borrowers.	Complied Please Refer Board Communication Policy on page 132.
		e) Reviewing the adequacy and the integrity of the Company's Internal control systems and Management Information Systems.	Complied Please refer Directors' Statement on Internal Control on page 130 to 131.

Corporate Governance

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
		f) Identifying and designating key management personnel, who are in a position to significantly influence policy; direct activities; and exercise control over business activities, operations and risk management.	<p>Complied</p> <p>All key business activities are under the aegis of a Senior Manager.</p>
		g) Defining the areas of authority and key responsibilities for the Board and for the key management personnel.	<p>Complied</p>
		h) Ensuring that there is appropriate oversight of the affairs of the finance company by key management personnel, that is consistent with the finance company's policy.	<p>Complied</p> <p>The Key Management exercises its oversight function by way of regular meetings.</p>
		i) Periodically assessing the effectiveness of its governance practices, including: <ul style="list-style-type: none"> (i) the selection, nomination and election of directors and appointment of key management personnel; (ii) the management of conflicts of interests; and (iii) the determination of weaknesses and implementation of changes where necessary; 	<p>Complied</p> <p>This direction is overseen by the function of the Board and the Board Nomination Committee.</p>
		j) Ensuring that the finance company has an appropriate succession plan for key management personnel.	<p>Complied</p>
		k) Meeting regularly with the key management personnel to review policies, establish lines of communication and monitor progress towards corporate objectives.	<p>Complied</p> <p>The Board meets the Key Management personnel on a monthly basis and respective Senior Managers who are not members of the Board are requested to attend by invitation to discuss specific areas.</p> <p>The CEO meets senior management on a fortnight basis to review the progress.</p>
		l) Understanding the regulatory environment;	<p>Complied</p> <p>The Regulatory environment is well understood by the Board of Directors. The CEO, Head of Finance and Compliance Officer updates the Board on any new Developments.</p>
		m) Exercising due diligence in the hiring and oversight of external auditors.	<p>Complied</p> <p>External Auditors are recommended by the Audit Committee and approved by the Board. The Company chooses the auditors from the CBSL list of approved auditors.</p>

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	2 (2)	The Board shall appoint the Chairman and the Chief Executive Officer and define and approve the functions and responsibilities of the Chairman and the Chief Executive Officer in line with paragraph 7 of this Direction.	Complied
	2 (3)	There shall be a procedure determined by the Board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the finance company's expense. The Board shall resolve to provide separate independent professional advice to directors to assist the relevant director(s) to discharge the duties to the finance company.	Complied A Board approved policy on 'Directors Right to seek External Professional Advice' is already in place. Any Board Director has the opportunity to seek independent professional advice, if there is a necessity at the Company's expense.
	2 (4)	A director shall abstain from voting on any Board resolution in relation to a matter in which he or any of his relatives 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 at the Board meeting.	Complied No Director abstained or indicated his/her wish to abstain from voting on any Board Resolution during the year under review as there was no necessity to do so.
	2 (5)	The Board shall have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the finance company is firmly under its authority.	Complied This Direction is complied by maintaining detailed minutes of the deliberations of the Board. Any matters that are pending execution are stringently followed up by the Board by reserving the same under matters arising out of previous minutes.
	2 (6)	The Board shall, if it considers that the finance company is, or is likely to be, unable to meet its obligations or is about to become insolvent or is about to suspend payments due to depositors and other creditors, forthwith inform the Director of the Department of Supervision of Non-Bank Financial Institutions of the situation of the finance company prior to taking any decision or action.	Not Applicable Such a situation did not arise during the year under review.
	2 (7)	The Board shall include in the finance company's Annual Report, an annual corporate governance report setting out the compliance with this Direction.	Complied Please refer pages 75 to 89.
	2 (8)	The Board shall adopt a scheme of self-assessment to be undertaken by each director annually, and maintain records of such assessments.	Complied
3. Meetings of the Board	3 (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 written or electronic resolutions/papers shall be avoided as far as possible.	Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	3 (2)	The Board shall ensure that arrangements are in place to enable all directors to include matters and proposals in the agenda for regular Board meetings where such matters and proposals relate to the promotion of business and the management of risks of the finance company.	Complied The Company Secretary has always accommodated requests made with this regard by the Directors.
	3 (3)	A notice of at least 7 days shall be given of a regular Board meeting to provide all directors an opportunity to attend. For all other Board meetings, a reasonable notice shall be given.	Complied
	3 (4)	A director, who has not attended at least two-thirds of the meetings in the period of 12 months immediately preceding or has not attended the immediately preceding three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall, however, be acceptable as attendance.	Complied
	3 (5)	The Board shall appoint a Company Secretary whose primary responsibilities shall be to handle the secretarial services to the Board and shareholder meetings and to carry out other functions specified in the statutes and other regulations.	Complied
	3 (6)	If the Chairman has delegated to the Company Secretary the function of preparing the agenda for a Board meeting, the Company Secretary shall be responsible for carrying out such function.	Complied The Chairman has delegated this function.
	3 (7)	All directors shall have access to advice and services of the Company Secretary with a view to ensuring that Board procedures and all applicable laws, directions, rules and regulations are followed.	Complied The Company Secretary has been accessible by way of telephone or e-mail throughout the period under review.
	3 (8)	The Company Secretary shall maintain the minutes of Board meetings and such minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	3 (9)	<p>Minutes of Board meetings shall be recorded in sufficient detail so that it is possible to gather from the minutes, as to whether the Board acted with due care and prudence in performing its duties. The minutes of a Board meeting shall clearly contain or refer to 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 which may illustrate whether the Board was carrying out its duties with due care and prudence;</p> <p>(d) the explanations and confirmations of relevant executives which indicate compliance with the Board's strategies and policies and adherence to relevant laws and regulations;</p> <p>(e) the Board's knowledge and understanding of the risks to which the finance company is exposed and an overview of the risk management measures adopted; and</p> <p>(f) the decisions and Board resolutions.</p>	Complied
4. Composition of the Board	4 (1)	Subject to the transitional provisions contained herein, the number of directors on the Board shall not be less than 5 and not more than 13.	Complied
	4 (2)	Subject to the transitional provisions contained herein and subject to paragraph 5(1) of this Direction the total period of service of a director other than a director who holds the position of Chief Executive Officer or executive director shall not exceed nine years. The total period in office of a non- executive director shall be inclusive of the total period of service served by such director up to the date of this Direction.	Complied
	4 (3)	Subject to the transitional provisions contained herein, an employee of a finance company may be appointed, elected or nominated as a director of the finance company (hereinafter referred to as an "executive director") provided that the number of executive directors shall not exceed one-half of the number of directors of the Board. In such an event, one of the executive directors shall be the Chief Executive Officer of the Company.	Complied
	4 (4)	With effect from three years from the date of this Direction, the number of independent non-executive directors of the Board shall be at least one fourth of the total numbers of directors.	Complied

Corporate Governance

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
		<p>A non-executive director shall not be considered independent if such director:</p> <ul style="list-style-type: none"> a) has shares exceeding 2% of the paid up capital of the finance company or 10% of the paid up capital of another finance company; b) has or had during the period of two year immediately preceding his appointment as director, any business transactions with the finance company as described in paragraph 9 hereof, aggregate value outstanding of which at any particular time exceeds 10% of the capital funds of the finance company as shown in its last audited balance sheet; c) has been employed by the finance company during the two year period immediately preceding the appointment as director; d) Has a relative, who is a director or Chief Executive Officer or key management personnel or holds shares exceeding 10% of the paid up capital of the finance company or exceeding 12.5% of the paid up capital of another finance company; e) represents a shareholder, debtor, or such other similar stakeholder of the finance company; f) is an employee or a director or has a shareholding of 10% or more of the paid up capital in a Company or business organization; <ul style="list-style-type: none"> i) Which has a transaction with the finance company as defined in paragraph 9, aggregate value outstanding of which at any particular time exceeds 10% of the capital funds as shown in its last audited balance sheet of the finance company; or ii) In which any of the directors of the finance company is employed or is a director or holds shares exceeds 10% of the capital funds, as shown in its last audited balance sheet of the finance company; or iii) In which any of the other directors of the finance company has a transaction as defined in paragraph 9, aggregate value outstanding of which at any particular time exceeds 10% of the capital funds, as shown in its last audited balance sheet of the finance company. 	Complied
	4 (5)	In the event an alternate director is appointed to represent an independent non-executive director, the person so appointed shall also meet the criteria that apply to the independent non-executive director.	<p>Not Applicable</p> <p>There are no Alternate Directors appointed to represent independent non-executive directors</p>
	4 (6)	Non-executive directors shall have necessary skills and experience to bring an objective judgment to bear on issues of strategy, performance and resources.	<p>Complied</p> <p>Please refer the profiles of the Non-executive directors given in pages 16 to 18.</p>

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	4 (7)	With effect from three years from the date of this Direction, 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 half of the number of directors that constitute the quorum at such meeting are non-executive directors.	Complied
	4 (8)	The independent non-executive directors shall be expressly identified as such in all corporate communications that disclose the names of directors of the finance company. The finance company shall disclose the composition of the Board, by category of directors, including the names of the Chairman, executive directors, non-executive directors and independent non-executive directors in the annual corporate governance report which shall be an integral part of its Annual Report.	Complied Please refer page 72.
	4 (9)	There shall be a formal, considered and transparent procedure for the appointment of new directors to the Board. There shall also be procedures in place for the orderly succession of appointments to the Board.	Complied This process is compiled by the function of the Board Nomination Committee
	4 (10)	All directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after their appointment.	Complied
	4 (11)	If a director resigns or is removed from office, the Board shall announce to the shareholders and notify the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka, regarding the resignation of the director or removal and the reasons for such resignation or removal, including but not limited to information relating to the relevant director's disagreement with the Board, if any.	Complied
5. Criteria to assess the fitness and propriety of directors	5 (1)	With the prior approval of the Monetary Board, permit a Director who is already holding office, and who attains the age of 70 years on or after the date of this Direction comes into effect, to continue in office as director.	Not Applicable
	5 (2)	A director of a finance company shall not hold office as a director or any other equivalent position in more than 20 companies/societies/bodies corporate, including associate companies and subsidiaries of the finance company. Provided that such director shall not hold office of a director or any other equivalent position in more than 10 companies that are classified as Specified Business Entities in terms of the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995.	Complied
6. Delegation of Functions	6 (1)	The Board shall not delegate any matters to a board committee, Chief Executive Officer, executive directors or key management personnel, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	Not Applicable No such delegation was executed.
	6 (2)	The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the finance company.	Complied

Corporate Governance

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
7. The Chairman and the Chief Executive Officer	7 (1)	The roles of Chairman and Chief Executive Officer shall be separated and shall not be performed by the one and the same person after 3 years commencing from January 1, 2009.	Complied
	7 (2)	The Chairman shall be a non-executive director. In the case where the Chairman is not an independent non-executive director, the Board shall designate an independent non-executive director as the Senior Director with suitably documented terms of reference to ensure a greater independent element. The designation of the Senior Director shall be disclosed in the finance company's Annual Report.	Complied
	7 (3)	The Board shall disclose in its corporate governance report, which shall be an integral part of its Annual Report, the name of the Chairman and the Chief Executive Officer and the nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the Chairman and the Chief Executive Officer and the relationships among members of the Board.	Complied
	7 (4)	The Chairman shall: <ul style="list-style-type: none"> (a) provide leadership to the Board; (b) ensure that the Board works effectively and discharges its responsibilities; and (c) ensure that all key issues are discussed by the Board in a timely manner. 	Complied
	7 (5)	The Chairman shall be primarily responsible for the preparation of the agenda for each Board meeting. The Chairman may delegate the function of preparing the agenda to the Company secretary.	Complied
	7 (6)	The Chairman shall ensure that all directors are informed adequately and in a timely manner of the issues arising at each Board meeting.	Complied
	7 (7)	The Chairman shall encourage each director to make a full and active contribution to the Board's affairs and take the lead to ensure that the Board acts in the best interests of the finance company.	Complied
	7 (8)	The Chairman shall facilitate the effective contribution of non-executive directors in particular and ensure constructive relationships between executive and non-executive directors.	Complied
	7 (9)	Subject to the transitional provisions contained herein, the Chairman, shall not engage in activities involving direct supervision of key management personnel or any other executive duties whatsoever.	Complied
	7 (10)	The Chairman shall ensure that appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.	Complied
	7 (11)	The Chief Executive Officer shall function as the apex executive-in-charge of the day-to-day-management of the finance company's operations and business.	Complied

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

Corporate Governance

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

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	8 (2) (j)	<p>(iv) Recommend any appointment or termination of the head, senior staff members and outsourced service providers to the internal audit function;</p> <p>(v) Ensure that the committee is apprised of resignations of senior staff members of the internal audit department including the chief internal auditor and any outsourced service providers, and to provide an opportunity to the resigning senior staff members and outsourced service providers to submit reasons for resigning;</p> <p>(vi) Ensure that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care;</p>	Complied
	8 (2) (k)	The committee shall consider the major findings of internal investigations and management's responses thereto;	<p>Not Applicable</p> <p>There were no major findings during the year under review.</p>
	8 (2) (l)	The chief finance officer, the chief internal auditor and a representative of the external auditors may normally attend meetings. Other Board members and the Chief Executive Officer may also attend meetings upon the invitation of the committee. However, at least once in six months, the committee shall meet with the external auditors without the executive directors being present.	Complied
	8 (2) (m)	<p>The committee shall have:</p> <p>(i) explicit authority to investigate into any matter within its terms of reference;</p> <p>(ii) the resources which it needs to do so;</p> <p>(iii) full access to information; and</p> <p>(iv) authority to obtain external professional advice and to invite outsiders with relevant experience to attend, if necessary.</p>	<p>Complied</p> <p>No such requirement materialized during the year under review.</p>
	8 (2) (n)	The committee shall meet regularly, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	<p>Complied</p> <p>The number of meetings that were held is given in page 72.</p>
	8 (2) (o)	<p>The Board shall, in the Annual Report, disclose in an informative way,</p> <p>(i) details of the activities of the audit committee;</p> <p>(ii) the number of audit committee meetings held in the year; and</p> <p>(iii) details of attendance of each individual member at such meetings.</p>	<p>Complied</p> <p>Please refer pages 122 & 123.</p>
	8 (2) (p)	The secretary to the committee (who may be the Company Secretary or the head of the internal audit function) shall record and keep detailed minutes of the committee meetings.	Complied

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

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
9. Related party transactions	9 (2)	<p>The Board shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the finance 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:</p> <ul style="list-style-type: none"> a) A subsidiary of the finance company; b) Any associate company of the finance company; c) A director of the finance company; d) A key management personnel of the finance company; e) A relative of a director or a key management personnel of the finance company ; f) A shareholder who owns shares exceeding 10% of the paid up capital of the finance company; g) A concern in which a director of the finance company or a relative of a director or a shareholder who owns shares exceeding 10% of the paid up capital of the finance company, has substantial interest. 	<p>Complied</p> <p>There were no such transactions that gave rise to a conflict of interest during the year under review.</p>
	9 (4)	<p>The Board shall ensure that the finance company does not engage in transactions with a related party in a manner that would grant such party “more favourable treatment” than that is accorded to other similar constituents of the relevant establishment. For the purpose of this paragraph, “more favourable treatment” shall mean</p> <ul style="list-style-type: none"> a) Granting of “total net accommodation” to a related party, exceeding a prudent percentage of the finance company’s regulatory capital, as determined by the Board. The “total net accommodation” shall be computed by deducting from the total accommodation, the cash collateral and investments made by such related party in the finance company’s share capital and debt instruments with a remaining maturity of 5 years or more. b) Charging of a lower rate of interest than the finance company’s best lending rate or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counterparty; c) Providing preferential treatment, such as favourable terms, covering trade losses and/or waiving fees/ commissions, that extends beyond the terms granted in the normal course of business with unrelated parties; d) Providing or obtaining services to or from a related-party without a proper evaluation procedure; e) Maintaining reporting lines and information flows between the finance 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. 	<p>Complied</p> <p>No such transactions took place with a related party during the year under review.</p>

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Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
10. Disclosures	10 (1)	<p>The Board shall ensure that:</p> <p>(a) 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 that</p> <p>(b) such statements are published in the newspapers in an abridged form, in Sinhala, Tamil and English.</p>	<p>Complied</p> <p>The financial statements are prepared in accordance with the LKASs / SLFRSs and the formats prescribed by the regulators.</p> <p>Annual financial statements are disclosed in the annual report; biannual (unaudited) financials are published in the newspapers in all three languages and the quarterly statements are posted on the CSE website.</p>
The Board shall ensure that at least the following disclosures are made in the Annual Report:	10 (2) (a)	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.	Complied
	10 (2) (b)	A report by the Board on the finance 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 has been done in accordance with relevant accounting principles and regulatory requirements.	<p>Complied</p> <p>Please refer Directors' Statement On Internal Control on pages 130 to 131.</p>
	10 (2) (c)	The external auditor's certification on the effectiveness of the internal control mechanism in respect of any statements prepared or published after March 31, 2010.	Complied
	10 (2) (d)	Details of directors, including names, transactions with the finance company.	Complied
	10 (2) (e)	Fees/remuneration paid by the finance company to the directors in aggregate, in the Annual Reports published after January 1, 2010.	Complied
	10 (2) (f)	Total net accommodation as defined in paragraph 9(4) outstanding 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 finance company's capital funds.	<p>Complied</p> <p>Please refer 217.</p>
	10 (2) (g)	The aggregate values of remuneration paid by the finance company to its key management personnel and the aggregate values of the transactions of the finance company with its key management personnel during the financial year, set out by broad categories such as remuneration paid, accommodation granted and deposits or investments made in the finance company.	<p>Complied</p> <p>Please refer page 218.</p>
	10 (2) (h)	A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliance.	Please refer the Disclosure Report under Finance Companies Corporate Governance Direction No.3 of 2008 in page 121.

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	10 (2) (i)	A statement of the regulatory and supervisory concerns on lapses in the finance company's risk management, or non-compliance with the Act, and rules and directions that have been communicated by the Director of the Department of Supervision of Non-Bank Financial Institutions, if so directed by the Monetary Board to be disclosed to the public, together with the measures taken by the finance company to address such concerns.	Not Applicable
	10 (2) (j)	The external auditor's certification of the compliance with the Act and rules and directions issued by the Monetary Board in the annual corporate governance reports published after January 1, 2011.	<p>Complied</p> <p>The external auditors verifies and certifies whether the Company is in compliance with the Act and rules and directions issued by the Monetary Board, however a certification is not published in the annual report.</p>

This Section (pages 89 to 118) sets out the Code of Best Practice on Corporate Governance Principles Under CASL Principles and the Extent of Compliance with the Same

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
Section 1: The Company A. Directors A.1 The Board	Principle of Code A.1	Every public Company should be headed by an effective Board, which should direct, Lead and control the Company:-	Complied
Meetings of the Board	A.1.1	The Board should meet regularly. Board meeting should 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.	<p>Complied</p> <p>The Board met 12 times during the financial year concerned.</p> <p>Individual participation of each Director at Board meetings is provided in the chart given under the heading of "Board meetings".</p>
Responsibilities of the Board	A.1.2	<p>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:</p> <ul style="list-style-type: none"> Ensuring the formulation and implementation of a sound business strategy; Appointing the chair and the senior independent director if relevant; Ensuring that the Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy; 	<p>Complied</p> <p>Company formulates the annual plan and it is approved by the Board of Directors of the Company, Parent Company and ultimate Parent Company. Decisions taken at the board meetings are communicated to senior management and further filtered down to operational levels as appropriate.</p> <p>Complied</p> <p>This has been proven by the Company's success throughout the years with a low turnover ratio in key positions and the consistent performance being delivered by the CEO and Key Management.</p>

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
		<ul style="list-style-type: none"> Ensuring the adoption of an effective CEO and Key Management Personnel succession strategy; 	<p>Complied</p> <p>The Company's second and third layers are well experienced and skilled to take over a key role ensuring effective systems to secure integrity of information, internal controls, business continuity and risk management.</p>
		<ul style="list-style-type: none"> Approving budgets and major capital expenditure; 	<p>Complied</p> <p>Budgets and major capital expenditure are reviewed and approved by the board.</p>
		<ul style="list-style-type: none"> Determining the matters expressively reserved to the board and those delegated to the management including limits of authority and financial delegation. 	<p>Complied</p> <p>The board has agreed and reserved power to determine matters including approving of major capital expenditure, appointing the secretary to the board and seeking professional advice as and when needed. Credit facility approval is delegated to the management by the board under the recommendation of the Credit Committee. Cheque signing limits are determined by the board and delegated to management as required to allow proper functioning of the business.</p>
		<ul style="list-style-type: none"> Ensure effective systems to secure integrity of information, internal controls, business continuity and risk management; 	<p>Complied</p> <p>The Board has delegated the reviewing and monitoring the financial reporting process of the Company, reviewing of effectiveness of internal controls of the company to the Audit Committee.</p> <p>Reviewing of Risk Management process of the company has been delegated to the Integrated Risk Management Committee of the Company.</p> <p>Audit Committee framework, composition, duties and responsibilities are given in Audit Committee Report on page 122 and Integrated Risk Management Committee framework, composition, duties and responsibilities are given in Integrated Risk Management Committee Report on page 125.</p>
		<ul style="list-style-type: none"> Ensuring compliance with laws, regulations and ethical standards; 	<p>Complied</p> <p>A lot of emphasis is placed to safeguard internal controls, ensure integrity of information, business continuity and risk management by way of the internal audit function, Quarterly Credit Committee meetings and Integrated Risk Management Committee Meetings monthly IT meetings, quarterly AML/CFT meetings and monthly ALCO meetings.</p>
		<ul style="list-style-type: none"> Ensuring all stakeholder interests are considered in corporate decisions; 	<p>Complied</p> <p>Company has conducted its affairs with a sense of respect for all stakeholders and this can be proven by the fact that there have been no significant complaints or legal action initiated against the Company.</p>

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
		<ul style="list-style-type: none"> Recognizing sustainable business development in Corporate Strategy, decisions and activities and consider the need for adopting integrated reporting. 	Complied
		<ul style="list-style-type: none"> Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations; 	Complied
		<ul style="list-style-type: none"> Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks. 	Complied All the criteria are monitored and evaluated through formal reporting process.
		<ul style="list-style-type: none"> Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the company. 	Complied The board ensures compliance to annual and quarterly corporate reporting requirements.
		<ul style="list-style-type: none"> Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned. 	Complied This has been proven by the past track record and success of the Company and the Boards sub Committees such as the Audit and IRMC functions regularly and deliberates at length thus contributing to Compliance and Financial regulations.
Professional advice to the Board	A.1.3	The Board collectively, and Directors individually, must act in accordance with the laws of the Country, as applicable to the business enterprise. There should be a procedure agreed to by the Board of Directors, where in director can require the company to obtain independent professional advice at the Company's expense where it is considered necessary.	Complied Whenever professional advice is required the board informs the Executive Management at the Board Meeting and the required advice or particular fact finding requirement is assigned to independent professionals.
Company Secretary	A.1.4	All directors should have access to the advice and services of the Company Secretary who ensures that the applicable rules and regulations are complied with. Any question of the removal of the company secretary should be a matter for the board as a whole. The Company should obtain appropriate insurance cover as recommended by the nominations committee for the board, directors and key management personnel.	Complied
Independent judgment of Directors	A.1.5	All Directors should bring independent judgment to bear, in discharging their duties and responsibilities matters relating to the board including strategy, performance, resource allocation, risk management, compliance and standards of business conduct.	Complied

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
Adequate time and effort of Directors	A.1.6	Adequate time and effort is devoted by Directors on the matters of the Board and the Company to ensure that the duties and responsibilities of Directors are satisfactorily discharged.	Complied
	A.1.7	One third of Directors can call for a resolution to be presented to the board where they feel it is in the best interest to the company to do so.	Complied No such situations have arisen.
Training for Directors	A.1.8	Directors receive appropriate orientation when first appointed to the board and subsequently as necessary.	Complied Newly appointed directors are informed via appointment letters about disclosure requirements, regulatory requirements to be complied. Directors are also briefed on changes in laws and regulations, tax laws and accounting standards from time to time. In addition, the entire board is trained by resource personnel of the FIU of the CBSL on AML/CFT requirements.
A.2 Chairman and Chief Executive Officer (CEO)	Principle of Code A.2	There are two key tasks at the top of every public Company – Conducting of the business of the Board, and facilitating executive responsibility for management of the Company's business. There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision.	Complied The positions of Chairman and CEO are separated to ensure a balance of power & authority and to prevent any one individual from possessing unfettered decision making authority
	A.2.1	A Decision to combine the posts of Chairman and CEO in one person should be justified and highlighted in the Annual Report.	Complied The position of Chairman and CEO is separated in the Company.
A.3 Chairman's Role	Principle of Code A.3	The Chairman's role in preserving good corporate governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.	Complied
	A.3.1	<p>The Chairman should conduct Board proceedings in a proper manner and ensure, inter-alia, that:</p> <ul style="list-style-type: none"> The agenda for board meetings is developed in consultation with the CEO, directors and the company secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance. Sufficiently detailed information of matters included in the agenda should be provided to Directors in a timely manner. 	Complied Complied

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
		<ul style="list-style-type: none"> All directors are made aware of their duties and responsibilities and the board and committee structures through which it will operate in discharging its responsibilities. 	Complied
		<ul style="list-style-type: none"> The effective participation of both Executive and Non-Executive Directors is secured. 	Complied The Chairman conducted Board proceedings in a proper manner and ensured the effective participation of all Directors.
		<ul style="list-style-type: none"> All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company 	Complied The Chairman conducts the affairs of the board in a professional manner and ensures that each Director is given an opportunity to participate in the deliberations of the board.
		<ul style="list-style-type: none"> All directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusions on matters of corporate concern on the agenda. 	Complied 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.
		<ul style="list-style-type: none"> A balance of power between Executive and Non-Executive Directors is maintained. 	Complied
		<ul style="list-style-type: none"> The views of Directors on issues under consideration are ascertained and a record of such deliberations reflected in the minutes. 	Complied
		<ul style="list-style-type: none"> The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders 	Complied
A.4 Financial Acumen	Principle of Code A.4	The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	Complied Qualifications of the Directors are given under the Directors profiles in pages 16 to 18.
A.5 Board Balance	Principal of Code A.5	It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking.	Complied
	A.5.1	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, Non-Executive Directors should comprise a majority of the Board.	Complied Seven out of the Eight Directors are Non- Executive Directors which is well above the minimum prescribed by the Code. This ensures views of Non-Executive Directors carry a significant weight in the decisions made by the Board.

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	A.5.2	Where the constitution of the Board of Directors includes only three Non-Executive Directors, all three such Non-Executive Directors should be 'independent'. In all other instances three or two third of Non-Executive Directors appointed to the Board of Directors whichever is higher should be 'independent'.	Complied
	A.5.3	For a Director to be deemed 'independent' such Director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.	Complied The Company obtains a signed statement of independence from each Director once a year.
	A.5.4	Each Non-Executive Director should submit a signed and dated declaration annually of his/ her independence or non-independence against the specified criteria set out in the Specimen in Schedule K of Code of Best Practice on Corporate Governance.	Complied Every Non-Executive Independent Director of the Company has made written submissions as to their independence against the specified criteria set out by the Company, which is in line with the requirements of Schedule K of this Code.
	A.5.5	The Board should make a determination annually 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 and should set out in the Annual Report the names of Directors determined to be 'independent'. 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.	Complied The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence, as a fair representation and will continue to evaluate their independence on this basis annually. No circumstances have arisen for the determination of independence by the Board, beyond the criteria set out in the Code. Independent Non-Executive Directors are: Mr. Ranil De Silva- Independent Director Mr. Jayanth Perera- Senior Independent Director Mr. Saman Herath- Independent Director
	A.5.6	If an alternate Director is appointed by a Non-Executive Director such Alternate Director should not be an executive of the Company. 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.	Complied Independent Non-Executive Directors have not appointed Alternate Directors. Alternative Directors to the Non-Executive Directors are not executives of the Company. However, Board balance is not affected since the Board complies with Code A.5.2.
	A.5.7	In the event the Chairman and CEO is the same person, or the Chairman is not an independent Director, the Board should appoint one of the Independent Non-Executive Directors to be the 'Senior Independent Director' (SID) and disclose this appointment in the Annual Report.	Complied

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	A.5.8	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company.	Complied
	A.5.9	The Chairman should hold meetings with the Non- Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	Complied Chairman meets with NEDs without the presence of Executive Directors, whenever necessary.
	A.5.10	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure that their concerns are recorded in the Board minutes.	Complied Concerns raised by the Directors during the year, if any, are recorded in the minutes of Board meetings with adequate details by the Company Secretary.
A.6 Supply of Information	Principle of Code A.6.	The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.	Complied Board is provided with Financial and other MIS reports on a monthly basis. If any board member request for additional information the management ensures to provide the same.
	A.6.1	Management has an obligation to provide the Board with appropriate and timely information, but information volunteered by management may not be enough in all circumstances and Directors should make further inquiries where necessary. The Chairman should ensure all Directors are properly briefed on issues arising at Board meetings.	Complied The Company ensures that the Directors receive adequate information in a timely manner. On urgent matters, every effort is made to provide the information, as early as possible. The Board receives a standard set of documents, which are timely, accurate, relevant and comprehensive. These papers include a detailed analysis of financial and non-financial information. The Board may call for additional information or clarify issues with any member of the Executive Committee. If necessary, all Directors are adequately briefed by the CEO or Head of Finance on matters arising at Board meetings. The Secretary and the Compliance Officer ensure that Board papers are circulated in advance prior to Board meetings. If necessary, members of the Executive Committee, External Auditors and Outside Consultants makes presentations to the Board when required. The Chairman ensures that all Directors are briefed adequately on issues arising at Board meetings.
	A.6.2	In order to facilitate effective conduct of meetings, the agenda and papers required for a board meeting should be provided to Directors at least seven (7) days before the meeting, and the minutes of the meeting should ordinarily be provided to directors at least two weeks after the meeting date.	Complied The minutes, agenda and papers required for Board meetings are provided in advance to facilitate its effective conduct.

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
A.7 Appointments to the Board	Principle of Code A.7	There should be a formal and transparent procedure for the appointment of new Directors to the Board.	<p>Complied</p> <p>Board nomination committee recommends the new board appointments. In recommending a new appointee to the Board, special emphasis is made on the challenges ahead and the competency of the existing Board to face those challenges. Shareholders will be provided with a brief resume of the newly appointed Director in this Annual Report along with his expertise, names of the companies in which he holds directorships and his/her Independence.</p>
	A.7.1	A Nomination Committee should be established to make recommendations to the Board on all new Board appointments. Terms of Reference for Nomination Committees are set out in Schedule A of Code of Best practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka. The Chairman and members of the Nomination Committee should be identified in the Annual Report. A separate section of the annual report should describe the work of the nomination committee including the process it has used in relation to board appointments.	<p>Complied</p> <p>The Committee consists of Two Independent Non-Executive Directors and a Non-Executive Director. The Chairman of the Committee is an Independent Non-Executive Director.</p> <p>(Please refer page 124 for composition of the committee)</p>
	A.7.2	The nomination committee should annually assess Board composition against pre-defined criteria of skill and knowledge requirements to ascertain whether the combined knowledge and experience of the board matches the strategic demands facing the company. The 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.	<p>Complied</p> <p>Board as a whole annually assesses the composition of the Board to ensure that the combined knowledge and experience of the Board matches the strategic demand facing the Company. The findings of such assessments are taken into account when new Board appointments are considered.</p>
	A.7.3	<p>Upon the appointment of a new Director to the Board, the Company should forthwith disclose to shareholders :</p> <ul style="list-style-type: none"> • a brief résumé of the Director; • the nature of his expertise in relevant functional areas; • the names of companies in which the Director holds directorships or memberships in Board Committees; and • whether such a Director can be considered 'independent'. 	<p>Complied</p> <p>All new appointments are communicated to the shareholders via the Colombo Stock Exchange website. The details of the current Board of Directors and new appointments are provided on pages 135 to 139 in this Annual Report.</p>
A.8 Re-Election	Principle of Code A.8	All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.	<p>Complied</p>

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	A.8.1	Non-Executive Directors should be appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director, and their reappointment should not be automatic.	<p>Complied</p> <p>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.</p>
	A.8.2	All Directors including the Chairman of the Board, should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years. The names of Directors submitted for election or re-election should be accompanied by a résumé minimally as set out in paragraph A.7.3 above, to enable shareholders to make an informed decision on their election.	<p>Complied</p> <p>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. A resume of the Directors coming up for re-election at the AGM, 2022 is available on pages 135 to 139. 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.</p>
	A.8.3	In the event of a resignation of a director prior to completion of his appointed term, the director should provide a written communication to the board of his reasons for resignation.	<p>Complied</p> <p>Written communications are provided to the board by directors who resign prior to completion of his appointed term.</p>
A.9 Appraisal of Board Performance	Principle of Code A.9	Boards should periodically appraise their own performance in order to ensure that Board Responsibilities are satisfactorily discharged.	<p>Complied</p>
	A.9.1	The board should have in place a formal and rigorous process for annually reviewing the performance of the board and its committees and should address any matters that may arise from such review, in the discharge of its key responsibilities as set out in A.1.2.	<p>Complied</p> <p>The performance of the Board and its subcommittees are reviewed and evaluated by the Board and Chairman based on a self- appraisal basis.</p>
	A.9.2	The Board should also undertake an annual self-evaluation of its own performance and that of its Committees.	<p>Complied</p> <p>The performance and deliberations of the Audit and Integrated Risk Management Committees are frequently discussed at Board Meeting, thereby carrying out an effective self-evaluation.</p>
	A.9.3	The board should have a process to review the participation, contribution and engagement of each director at the time of re-election.	<p>Complied</p> <p>The individual self-evaluations are carried out by the respective Board Member, and submitted in writing to the Secretary for the record.</p>
	A.9.4	The board should state how such performance evaluations have been conducted, in the annual report.	<p>Complied</p> <p>The details of the performance evaluation conducted are provided on pages 135 to 139.</p>

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
A.10 Disclosure of Information in Respect of Directors	Principle of Code A.10	Shareholders should be kept advised of relevant details in respect of Directors.	Complied
	A.10.1	<p>The Annual Report of the Company should set out the following information in relation to each Director</p> <ul style="list-style-type: none"> • name, qualifications and brief profile; • the nature of his/her expertise in relevant functional areas; • immediate family and/or material business relationships with other Directors of the Company; • whether Executive, Non-Executive and/or independent Director; • names of listed companies in Sri Lanka in which the Director concerned serves as a Director; • names of other companies in which the Director concerned serves as a Director, provided that where he/she holds directorships in companies within a Group of which the Company is a part, their names need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies; • number/percentage of Board meetings of the Company attended during the year; • the total number of Board seats held by each Director indicating listed and unlisted Companies and whether in an executive or non-executive capacity; • names of Board Committees in which the Director serves as Chairman or a member; and • number/percentage of committee meetings attended during the year. 	<p>Complied</p> <p>Please refer page 16 to 18 and page 218.</p>
A.11 Appraisal of Chief Executive Officer	Principal of Code A.11	The Board should be required, at least annually, to assess the performance of the CEO.	Complied
	A.11.1	At the commencement of every fiscal year, the Board in consultation with the CEO should set, in line with the short, medium and long-term objectives of the Company, reasonable financial and non-financial targets that should be met by the CEO during the year.	<p>Complied</p> <p>The CEO's performance is evaluated in line with the overall corporate plan by the Board in terms of both Financial and operational achievements compared to targets set at the planning stage. This process is carried out as mentioned in above A.11.</p>

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	A.11.2	The performance of the CEO should be evaluated by the Board at the end of each fiscal year to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.	Complied This process happens when the CEO's performance appraisal is carried out at the year end.
B. Directors' Remuneration	Principal of Code B.1.	Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.	Complied
	B.1.1	To avoid potential conflicts of interest, the Board of Directors should set up a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Company's framework of remunerating executive directors. (These also include Post-Employment Benefits as well as Terminal Benefits).	Complied The scope of the Committee is to consider and recommend to the Board, remuneration and perquisites of the CEO and Independent Directors of the Board of the Company.
	B.1.2	Remuneration Committees should consist exclusively of Non-Executive Directors with a minimum of three non- executive directors of whom the majority should be independent. The chairman should be an independent Non-Executive director and should be appointed by the board.	Complied The Committee consists of Two Independent Non-Executive Directors and one Non-Executive Director. The Committee is chaired by an Independent Non-Executive Director. The Group CEO attends by invitation.
	B.1.3	The Chairman and Members of the Remuneration Committee should be listed in the Annual Report each year.	Complied Please refer page 127.
	B.1.4	The Board as a whole, or where required by the Articles of Association the shareholders, should determine the remuneration of Non-Executive Directors, including members of the Remuneration Committee, within the limits set in the Articles of Association. Where permitted by the Articles, the Board may delegate this responsibility to a subcommittee of the Board, Which might include the CEO.	Complied The Non-Executive Directors receive a comprehensive fee for being a Director of the Board and either chairing or being a member of a Board subcommittee. They do not receive any performance/incentive payments. Remuneration of Non-Executive Directors is decided by the Remuneration Committee.
	B.1.5	The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors and have access to professional advice from within and outside the Company, in discharging their responsibilities.	Complied The Committee has the authority to seek internal and external independent professional advice on matters falling within its purview, at the Company's expense. Views of the Chairman are obtained as they too are members of the said Board Subcommittee.
B.2 The Level and Make Up of Remuneration	Principle of Code B.2	Levels 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.	Complied

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	B.2.1	The Remuneration Committee should provide the packages needed to attract, retain and motivate Executive Directors of the quality required but should avoid paying more than is necessary for this purpose.	<p>Complied</p> <p>The Board Remuneration Committee and the Board ensure that Executive Directors are provided with a reasonable remuneration package.</p>
	B.2.2	Executive Directors' remuneration should be designed to promote the long-term success of the company.	<p>Complied</p>
	B.2.3	The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. It should be aware what comparable companies are paying and should take account of relative performance, but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance.	<p>Complied</p> <p>The committee ensures that compensation packages are designed to attract and retain a highly qualified and experienced workforce and reward performances. These compensation packages should provide compensation appropriate for each business within the Group and commensurate with each employee's level of experience and contribution, bearing in mind the business performance and long-term Shareholder returns.</p>
	B.2.4	The Remuneration Committee should be sensitive to remuneration and employment conditions elsewhere in the Company or Group of which it is a part, especially when determining annual salary increases.	<p>Complied</p> <p>The Remuneration Committee takes into consideration and is sensitive about the conditions of the Group when determining annual salary increases.</p>
	B.2.5	The performance-related elements of remuneration of Executive Directors should be designed and tailored to align their interests with those of the Company and main stakeholders and to give these Directors appropriate incentives to perform at the highest levels. The performance related elements should be transparent, stretching and rigorously applied.	<p>Complied</p> <p>Objectives for Executive Director is set at the beginning of the year and the remuneration including the performance bonus is decided based upon the degree of achievement of such pre-set targets.</p>
	B.2.6	Executive share options should not be offered at a discount (i.e. less than market price prevailing at the time the exercise price is determined), save as permitted by the Listing Rules of the Colombo Stock Exchange.	<p>Not Applicable</p> <p>Presently the Company does not have an Executive Share Option Scheme.</p>
	B.2.7	In designing schemes of performance-related remuneration, Remuneration Committees should follow the provisions set out in Schedule E of Code of Best Practice on Corporate Governance.	<p>Complied</p> <p>Please refer Remuneration Committee Report on page 127.</p>
	B.2.8	Remuneration Committees should consider what compensation commitments (including pension contributions) their Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committee should in particular, consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.	<p>Complied</p> <p>Not applicable to the Board except for Chief Executive Officer as the terms of employment is governed by the contract of service/employment.</p>

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	B.2.9	Where the initial contract does not explicitly provide for compensation commitments, Remuneration Committees should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.	Complied No such requirement materialized during the year under review.
	B.2.10	Levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of their role, taking into consideration market practices. Remuneration for Non-Executive Directors should not normally include share options. If exceptionally options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the Non-Executive Director leaves the Board. Holding share options could be relevant to the determination of a Non-Executive Director's independence. (as set out in provision A.5.5).	Complied Non-Executive Directors of the Company are paid a fee commensurate with their time and role in the Company and taking into consideration market practices and recommendations made by the parent company and ultimate parent company. Non-Executive Directors are not included in share options as there is no scheme in existence.
B.3 Disclosure of Remuneration	Principle of Code B.3	The Company's Annual Report should contain a Statement of Remuneration Policy and details of Remuneration of the Board as a whole.	Complied
	B.3.1	The Annual Report should set out the names of Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Remuneration Committee, contain a statement of remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	Complied Please refer pages 127 & 218.
C. Relations With Shareholders	Principle of Code C.1	Boards should use the AGM to communicate with shareholders and should encourage their participation.	Complied The board ensures that shareholders are given an opportunity to participate by giving adequate notice of the AGM date and time. Any shareholder who wishes to speak to the forum of the AGM is given sufficient time to address the Board and the gathering.
C.1. Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings.			

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	C.1.1	Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting.	Complied
	C.1.2	Companies should propose a separate resolution at the AGM on each substantially separate issue and should in particular propose a resolution at the AGM relating to the adoption of the report and accounts. For each resolution proxy appointment form should provide shareholders with the option to direct their proxy to vote either or for or against the resolution or withhold their vote.	Complied Company proposes separate resolutions at the Annual General Meeting (AGM) on each substantially separate issue. Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.
	C.1.3	<p>The company should ensure that all valid proxy appointments received for general meetings are properly recorded and counted. For each resolution where a vote has been taken on a show of hands, the company should ensure that the following information is given at the meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the company.</p> <ul style="list-style-type: none"> • The number of shares in respect of which proxy appointments have been validly made; • The number of votes for the resolution; • The number of votes against the resolution; and • The number of shares in respect of which the vote was directed to be withheld. <p>When, in the opinion of the board, a significant proportion of votes have been cast against a resolution at any general meeting, the board should take steps to understand the reasons behind the vote results and determine if any actions are required.</p>	Complied The Company ensures that all valid proxy appointments received for general meetings are properly recorded and counted.
	C.1.4	The Chairman of the Board should arrange for the Chairmen of the Audit, Remuneration, Nomination and Related Party Transaction Review Committee and the Senior Independent Director are to be available to answer questions at the AGM if so requested by the Chairman.	Complied The Chairman of the Company ensures that Chairmen of all Board subcommittees namely, Audit, Remuneration, Nomination and Related Party Transactions Review Committee are present at the AGM to answer the questions under their purview.
	C.1.5	Companies should circulate, along with every Notice of General Meetings, a summary of the procedures governing voting at General Meetings.	Complied A summary of the procedures governing voting at General Meetings is circulated to shareholders with every Notice of General Meetings.

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
C.2 Communication with Shareholders	Principle of Code C.2	The Board should implement effective communication with shareholders.	Complied
	C.2.1	There should be a channel to reach all shareholders of the Company in order to disseminate timely information.	<p>Complied</p> <p>The primary modes of communication between Company and the shareholders are the Annual Report and AGM. Information is provided to the shareholders prior to the AGM to give them an opportunity to exercise the prerogative to raise any issues relating to the business of Company, either verbally or in writing prior to the AGM. The Company used the following channels to disseminate timely information;</p> <ul style="list-style-type: none"> • Shareholders meetings • Financial and other notices as and when required through the Colombo Stock Exchange • Corporate website • Press notices.
	C.2.2	The Company should disclose the policy and methodology for communication with Shareholders.	<p>Complied</p> <p>Please refer the Board Communication Policy on page 132.</p>
	C.2.3	The Company should disclose how they implement the above policy and methodology.	<p>Complied</p> <p>Printed copies of Annual Report are provided to shareholders as per request or could be downloaded from the CSE website.</p>
	C.2.4	The Company should disclose the contact person for such communication.	<p>Complied</p> <p>The contact person is the Company Secretary.</p>
	C.2.5	The Company should have a process to make all Directors aware of major issues and concerns of shareholders, and this process has to be disclosed by the Company.	<p>Complied</p> <p>The Company Secretary shall maintain a record of all correspondence received and will deliver as soon as practicable such correspondence to the Board or individual Director/s as applicable. The Board or individual Director/s, as applicable, will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretary to send the response to the particular shareholder.</p>
	C.2.6	The Company should decide the person to contact in relation to shareholder matters. The relevant person with statutory responsibilities to contact in relation to shareholders matters is the Company Secretary or in his/her absence should be a designated member of the Board of Directors.	<p>Complied</p>
	C.2.7	The process of responding to shareholder matters should be formulated by the Board and disclosed.	<p>Complied</p> <p>Please refer the Board Communication Policy on page 132.</p>

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
C.3. Major and Material Transactions	Principle of Code C.3	Further to compliance with the requirements under the Companies Act, Securities and Exchange Commission law and Colombo Stock Exchange regulations as applicable, Directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/vary the Company's net assets base or in the case of a Company with subsidiaries, the Consolidated Group Net Asset Base.	Complied
	C.3.1	Prior to a Company engaging in or committing to a 'Major Related Party Transaction', with a related party, involving the acquisition, sale or disposition of greater than one third of the Company's assets or that of a subsidiary which has a material bearing on the Company and/or consolidated net assets of the Company, or a transaction which has or is likely to have the effect of the Company acquiring obligations and liabilities, of greater than one third of the value of the Company's assets, the Directors should disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders' approval by ordinary resolution at an Extraordinary General Meeting. It also applies to 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.	Complied During the year, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007 which materially affect the Net Assets Base of the Company. Transactions which materially affect the net assets base of the Company will be disclosed in the Quarterly/Annual Financial Statements, if any.
	C.3.2	Public listed companies should in addition comply with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulations of the Securities and Exchange Commission and by the Colombo Stock Exchange.	Complied No such requirement materialized during the year under review.
D. Accountability And Audit	Principle of Code D.1	The Board should present a balanced and Understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal control and challenges, opportunities and prospects.	Complied
D.1. Financial and Business Reporting	D.1.1	The board should present an annual report including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained.	Complied An annual report is presented including financial statements that are true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations.

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	D.1.2	The Board's responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements.	<p>Complied</p> <p>The Board is well aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 140 confirming this position. The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Quarterly and Annual Financial Statements which are prepared and presented in conformity with Sri Lanka Accounting Standards. Further, Company has complied with the reporting requirements prescribed by the regulatory authority such as the Colombo Stock Exchange.</p>
	D.1.3	The board should, before it approves the company's financial statements for a financial period, obtain from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company and that the system of risk management and internal control was operating effectively.	<p>Complied</p>
	D.1.4	<p>The Directors' Report, which forms part of the Annual Report, should contain declarations by the Directors to the effect that</p> <ul style="list-style-type: none"> • The Company has not engaged in any activity which contravenes laws and regulations; • The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested; • The Company has made all endeavors to ensure the equitable treatment of shareholders; • The directors have complied with best practices of Corporate Governance; • Property, plant and equipment is reflected at fair value, where it is different from fair value adequate disclosures are made; • They have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence therewith; and • The business is a going concern, with supporting assumptions or qualifications as necessary; 	<p>Complied</p> <p>The Annual Report of the Board of Directors on the Affairs of the Company given on pages 135 to 139 covers all of these sections. In addition to that Company has established procedures to ensure compliance with all applicable statutory and regulatory requirements. A compliance statement is tabled at each Board meeting by the Compliance Officer. The Company's compliance with Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance and details of such compliance are discussed on pages 119 to 120 of this report.</p>

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	D.1.5	The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of financial statements, together with a statement by the Auditors about their reporting Responsibilities. Further, the Annual Report should contain a Report/Statement on Internal Control.	<p>Complied</p> <p>The “Statement of Directors’ Responsibility” is given on page 140.</p> <p>The Directors’ Statement on Internal Control is given on page 130 to 131.</p> <p>The ‘Independent Auditors Report’ on pages 141 to 145 states the Auditors responsibility.</p>
	D.1.6	<p>The Annual Report should contain a “Management Discussion & Analysis”, discussing, among other issues:</p> <ul style="list-style-type: none"> • business model; • industry structure and developments; • opportunities and threats; • risks and concerns; • internal control systems and their adequacy; • governance; • stakeholder relationships; • social and environmental protection activities carried out by the Company; • financial performance; • investment in physical and intellectual capital; • human resource/industrial relations activities carried out by the company; and • prospects for the future. 	<p>Complied</p> <p>Capital Reports highlights the operational and financial status of the Company in the context of prevailing industry conditions. This report is given in pages 134 to 154.</p>
	D.1.7	In the event the net assets of the Company falling below 50% of the value of the Company’s shareholders’ funds, the Directors shall forthwith summon an Extraordinary General Meeting of the Company to notify shareholders of the position and of remedial action being taken.	<p>Complied</p> <p>Likelihood of such occurrence is remote. However, should the situation arise, an EGM will be called for and shareholders will be notified.</p>
	D.1.8	<p>The Board Should adequately and accurately disclose the related party transactions in its Annual Report:</p> <ul style="list-style-type: none"> • Each related party to submit signed and dated quarterly declarations mentioning whether they have related party transactions with the Company’s defined in this Code; • It should be the responsibility of the Company Secretary to keep a record on related party transactions and make necessary disclosures accordingly; 	<p>Complied</p>

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
		<ul style="list-style-type: none"> There should be a process to capture related parties and related party transactions. This process needs to be operationalized and related party transactions should be properly documented; A record /register either in hard or soft form on related party and related party transactions should be maintained by the Company; 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. 	Complied
D.2. Risk Management and Internal Control	Principle for Code D.2	The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, risk management and internal control is a process, affected by a Company's Board of Directors and management, designed to provide reasonable assurance regarding the achievement of Company's objectives.	Complied The Board has delegated this authority to Audit Committee & IRM Committee and reviews the same, fulfilling the above requirement.
	D.2.1	The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness, and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.	Complied
	D.2.2	The directors should confirm in the annual report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity. The directors should describe those risks and explain how they are being managed or mitigated.	Complied Please refer pages 130 to 131.
	D.2.3	Company should have an internal audit function.	Complied

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	D.2.4	The Board should require the Audit Committee to ensure carrying out reviews of the process and effectiveness of risk management and internal controls, and to document to the Board and Board takes responsibility for the disclosures on risk management and internal controls.	<p>Complied</p> <p>The Internal Audit Division of the Company carries out regular reviews on the risk management function and internal control system including internal control over financial reporting. The Audit Committee monitors, reviews and evaluates the effectiveness of internal control system including the internal controls over financial reporting. In the year 2021/22, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Refer the Directors' Statement on Internal Control on pages 130 to 131.</p>
D.3. Audit Committee	Principle of Code D.3	The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies for financial reporting, determine the structure and content of corporate reporting, implement internal control and risk management principles and for maintaining an appropriate relationship with the Company's Auditors.	<p>Complied</p>
	D.3.1	The board should establish an audit committee exclusively of non-executive directors with a minimum of three non-executive directors of whom at least two should be independent. If there are more non-executive directors, the majority should be independent. The committee should be chaired by an independent non-executive director. The board should satisfy itself that at least one member of the audit committee has recent and relevant experience in financial reporting and control.	<p>Complied</p> <p>All members of the Board Audit Committee are Non-Executive Directors. Three out of four Directors are Independent Directors. Details of Committee are given in pages 122 to 123.</p>
Terms of Reference of the Audit Committee	D.3.2	The Audit Committee should have a written Terms of Reference, dealing clearly with its authority and duties. The Audit Committee's written Terms of Reference must address:	<p>Complied</p> <p>As stated in the Report of the Audit Committee of the Company, the Committee regularly reviews scope, results and effectiveness of the Audit.</p>
		<ul style="list-style-type: none"> The Committee's purpose- which, at minimum, must be to: Assist Board oversight of the: <ul style="list-style-type: none"> preparation, presentation and adequacy of disclosures in the financial statements, in accordance with the Sri Lanka's Accounting Standards; compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements; process to ensure that the Company's internal controls and risk management procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards; 	<p>Complied</p>

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
Terms of Reference of the Audit Committee	D.3.2	<ul style="list-style-type: none"> Assessing the Company's ability to continue as a going concern in the foreseeable future: <ul style="list-style-type: none"> performance of the Company's internal audit function; process to the identification, monitoring and management of significant business/ financial risk and independence and performance of the company's external audit. The duties and responsibilities of the Audit Committee-should at a minimum include those set out below: <ul style="list-style-type: none"> making 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; to 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; to 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; discussion of the audit plan, key audit issues, their resolution and management responses; review the Company's annual audited financial statements and quarterly financial statements with management and the Auditor to ensure compliance with the Sri Lanka Accounting Standards and other relevant laws and regulations; to review significant financial reporting judgments ; review the company's earnings press releases and financial information and earnings guidance provided to analysts and rating agencies; discussion of policies and practices with respect to risk assessment and risk management; 	<p>Complied</p> <p>Complied</p>

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
Terms of Reference of the Audit Committee	D.3.2	<ul style="list-style-type: none"> to review the company's internal financials controls and unless expressly addressed by a separate board risk committee composed of independent directors or by the board itself to review the company's internal control and risk management system; ensuring that a process of sound system of internal control is in place; ensuring that at least once in every three years an 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; ensuring that an effective internal audit function is in place and monitor and review the internal audit activities; meeting separately, periodically, with management, auditors and internal auditors; ensuring 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; assuring confidentiality to whistle-blowing employees; setting clear hiring policies for employees or former employees of the Auditors; and reporting regularly to the Board of Directors. 	Complied
Disclosures	D.3.3	<p>A separate section of the annual report should describe the work of the committee in discharging its responsibilities. The report should include:</p> <ul style="list-style-type: none"> The names of the Directors (persons in the Parent Company's Committee in the case of a Group Company) comprising the Audit Committee; The number of meetings held and attendance of each director; The scope of work and how its roles and responsibilities were discharged; The significant issues that the committee considered in relation to the financial statements, and how these issues were addressed; An explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length; 	<p>Complied</p> <p>Names of the members of the Audit Committee are given on pages 122 to 123 under the section on the 'Composition of the Committee' and disclosure on the independence of the Auditors is found on pages 139 under the 'Auditors' in the 'Annual Report of the Board of Directors on the Affairs of the Company' on pages 135 to 139.</p>

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
		<ul style="list-style-type: none"> If the external auditor provides non-audit services, an explanation of how auditor objectivity and independence are safeguarded ;and The Committee should also make a determination of the independence of the Auditors and should disclose the basis of such determination in the Annual Report. <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>	Complied
D.4 Related Party Transactions Review Committee	Principle of Code D.4	The Board should establish a procedure to ensure that the company does not engage in transactions with 'related parties' in a manner that would grant such parties 'more favourable treatment' than that accorded to third parties in the normal course of business.	Complied
	D.4.1	A related party and related party transactions will be as defined in LKAS 24.	Complied
	D.4.2	The Board should establish a Related Party Transactions (RPT) review committee consisting exclusively of non-executive directors with a minimum of three non-executive directors of whom the majority should be independent. Executive directors may attend by invitation. The chairman should be an Independent non-executive director appointed by the board.	<p>Complied</p> <p>The RPT Review Committee of Singer (Sri Lanka) PLC, the immediate parent Company acted as the RPT Review Committee of the Company up to 13th October 2021.</p> <p>An Independent Director represented the Company in the Group Related Party Review Committee (where parent company is a public quoted company).</p> <p>From 14/10/2021 company set up its RPT committee adhering to the requirement of the code.</p>
	D.4.3	<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"> A procedure for documenting related parties in accordance with the definitions in LKAS 24 and the CSE Listing Rules. A procedure to obtain a statement of related party interest from each such related party at least once in each quarter, when there's a change in the status and 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 unless they are exempted related party transactions as defined in CSE Listing Rules. 	<p>Complied</p> <p>The Related Party Transactions Review Committee Report on page 128 sets out the functions of the Committee.</p> <p>Minutes are maintained by the secretary of the committee.</p>

Corporate Governance

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
D.4 Related Party Transactions Review Committee	D.4.3	<ul style="list-style-type: none"> • Key Management 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. • A procedure to inform all related parties of what constitutes exempted related party transactions. • A procedure to identify and for directors to report recurrent and non-recurrent related party transactions and to obtain Board or shareholder approval by special or ordinary resolution as required by the CSE Listing Rules. • A procedure and guideline to delegate to Key Management Personnel to deal with recurrent related party transactions as defined in the CSE Listing Rules. • A procedure for the RPT review committee to review and recommend to the board matters relating to such transactions. • Any interested directors should not participate at the meeting at which the transaction relating to him/her is discussed unless invited to seek clarification/ information. • A procedure and definition of disclosure required to be made by the company on an annual basis, those requiring immediate disclosure and those requiring shareholder approval. • A procedure to identify related party transactions which require immediate disclosure as per the CSE listing rules and to ensure that required disclosures are made by the company to the Colombo Stock Exchange in accordance with the CSE listing rules. • A procedure to identify related party transactions which require shareholder approval by special resolution at an extraordinary general meeting. • The company secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals and minutes. • Review and recommend to the Board the related party disclosures to be made in the Annual Report of the Company. 	Complied

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
D.5 Code of Business Conduct & Ethics	Principle of Code D.5	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; confidentiality; encouraging that any illegal, fraudulent and unethical behavior be promptly reported to those charged with governance. The company must disclose waivers of the code for Directors, if any.	Complied The Company adopts the code of business conduct and ethics of its immediate parent, Singer (Sri Lanka) PLC.
	D.5.1	All companies must disclose whether they have a Code of Business Conduct and Ethics for Directors and Key Management Personnel and if they have such a Code, make an affirmative declaration in the Annual Report that all Directors and Key Management Personnel have declared 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"> • conflict of interest; • bribery and corruption; • entertainment and gifts; • accurate accounting and record keeping; • fair and transparent procurement practices; • corporate opportunities; • confidentiality; • fair dealing; • protection and proper use of Company assets; Including information assets; • compliance with laws, rules and regulations (including insider trading laws); and • encouraging the reporting of any illegal or unethical behavior. 	Complied Please refer page 139.
	D.5.2	The company should have a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	Complied
	D.5.3	The company should establish a policy, process for monitoring and disclosure of shares purchased by any director, Key Management Personnel or any other employee involved in financial reporting.	Complied

Corporate Governance

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	D.5.4	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. He must also disclose that he is not aware of any violation of any of the provisions of the code of business conducts and ethics.	Complied
D.6. Corporate Governance Disclosures	Principle of Code D.6	Directors should be required to disclose the extent to which the Company adheres to established principles and practices of good Corporate Governance.	Complied
	D.6.1	The Directors should include in the Company's Annual Report a Corporate Governance Report, setting out the manner and extent to which the Company has complied with the principles and provisions of this Code.	Complied This Report from pages 68 to 120 sets out the manner and extent to which Singer Finance (Lanka) PLC has complied with the principles and Provisions of the Code.
Section 2: Shareholders E. Institutional Investors E.1 Shareholder Voting	Principle of Code E.1	Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.	Complied
	E.1.1	A listed Company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives. Arising from such dialogue, the Chairman should ensure the views of shareholders are communicated to the Board as a whole.	Complied All shareholders are given adequate time to engage the Board at the AGM and as per the communications policy any shareholder could communicate to the Board through the Company Secretary.
E.2 Evaluation of Governance Disclosures	Principle of Code E.2	When evaluating Companies' governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	Complied The Institutional Investors are at liberty to give due weight to matters relating to the Board structure and composition, when they consider resolutions relating to Board structure and composition.
F. Other Investors F.1. Investing /Divesting Decision	Principle of Code F.1	Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	Complied All individual investors are invited to the Annual general meeting regardless of the investment size and they are entitled with voting rights.

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
F.2. Shareholder Voting	Principle of Code F.2	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	<p>Complied</p> <p>Individual shareholders are encouraged to participate in General Meetings of the Company and exercise their voting rights.</p>
G. Internet of things and Cyber security	Principle of Code G.1	<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 cyber security risks that may affect the business.</p> <p>Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the company's network to send and receive data. Such access could be authorized or unauthorized.</p>	<p>Complied</p> <p>A process is in place to identify how in the 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 gets updates through internal and external audits regarding adequacy of controls in place to mitigate cyber risks, and on possible cyber risks that the Company is exposed to.</p> <p>The Company has an Information Security Management Framework in place. The Cyber Security risks are also covered in the document.</p>
	Principle of Code G.2	<p>The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a cyber-security 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 and the need for cyber security insurance.</p>	<p>Partially Complied</p> <p>AM-IT functions as the Information Security Officer</p> <p>The Company has developed an Information Security Management Framework.</p>
	Principle of Code G.3	<p>The Board should allocate regular and adequate time on the board meeting agenda for discussions about cyber-risk management. The matters taken up for the discussion on the board meeting agenda may include;</p> <ul style="list-style-type: none"> • Potential cyber security risks in the company's business model • CISO's security strategy and status of the current projects • Compliance with the cyber security risk management process and incident report • Findings and recommendations from independent reviewers 	<p>Partially Complied</p> <p>A group wide audit on Information system Security was conducted during the year. A cyber security expert is available to get necessary advice when required. An awareness session on Cyber Security was conducted to the Board of Directors and Senior Management of the company during the financial year.</p>

Corporate Governance

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	Principle of Code G.4	The Board should ensure the effectiveness of the cyber security risk management through independent periodic review and assurance. The scope and the frequency of the independent periodic reviews could be determined based on the industry vulnerability, company's business model and incident findings.	Complied Security assessments have been carried out and in the process of taking corrective actions.
	Principle of Code G.5	The Board should disclose in the annual report, the process to identify and manage cyber security risks.	Complied A group wide Information Systems Security Audit was carried out by an external party. In addition, IT Security and general controls are reviewed by Internal Auditors. Please refer pages 135 to 139.

H. Environment Society and Governance (Esg)

H. 1 ESG Reporting

Main Principle

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.

Environmental, social and governance considerations can affect a company's ability to execute its business strategy and create value. While many ESG 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. ESG factors relevant to the Company could impact the followings;

- Access to financial capital
- Cost savings and productivity
- Brand value and reputation
- Employee recruitment
- Employee retention
- Access to markets
- License to operate
- Market capitalization

Integrating ESG policies and practices into a company's strategy, business model, governance and risk management, and reporting its likely impact and implications are increasingly seen by investors as material to their investment decisions. Further, investors want to understand how well companies are managing the risks associated with ESG issues, as this is seen as a key test of the long term sustainability of the Company. They are also increasing interested in the opportunities presented by low carbon economy, and are allocating capital to companies that are well equipped to benefit from this.

Corporate Governance Principle	Reference CASL Code	Requirement of the Code	Status of Compliance
	H.1.1	<p>Companies should provide information in relation to:</p> <ul style="list-style-type: none"> • The relevance of environmental, social and governance factors to their business models and strategy. • How ESG issues may affect their business. • How risks and opportunities pertaining to ESG are recognized managed, measured and reported. 	<p>Partially Complied</p> <p>Sustainability principles related to ESG factors are embedded in the operations of the Company and initiatives implemented to ensure adherence by the Company.</p>
H.1.2. Environmental Factors	H.1.2.1	<p>Environmental governance of an organization should adopt an integrated approach that takes into consideration the direct and indirect economic, social, health, and environmental implications of their decisions and activities, including;</p> <ul style="list-style-type: none"> • pollution prevention, • sustainable resource use (eg: water, energy), • climate change, • protection of environment, • bio diversity, • restoration of natural resources. 	<p>Partially Complied</p> <p>Sustainability principles related to environmental factors are embedded in the operations of the Company and initiatives implemented to ensure adherence to environmental governance by the Company are discussed in the Management Discussion and Analysis and compliance section of this report.</p>
H.1.3 Social Factors	H.1.3.1	<p>Social governance of an organization should include its relationship with the community, customers, employees, suppliers, outsourced providers and any other party that can influence or be influenced by the organization's business model.</p> <ul style="list-style-type: none"> • The organization should adopt an integrated approach to building a relationship with the community and striving for sustainable development including responsible community engagement, fair competition, thereby demonstrating corporate social responsibility. • The organization should adopt an integrated approach to building a relationship with customers. This includes establishing a process for customer engagement, product responsibility and product recall and other matters relevant to the organization's business model. • 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 equal opportunity, career development and training, reward and recognition, conditions of work, work-life balance and industrial relations. • The organization should have policies and procedures to ensure that suppliers and outsourced providers comply with social governance norms of the company. 	<p>Complied</p> <p>Sustainability principles related to social factors are embedded in the operations of the Company and initiatives were implemented to ensure adherence to social governance by the Company.</p>

Corporate Governance

Corporate Governance Principle	Reference CASL Code	Requirement of the Code	Status of Compliance
H.1.4. Governance	H.1.4.1	<p>Companies should establish a governance structure to support its ability to create value and manage risks in the short, medium and long term, recognizing managing and reporting on all pertinent aspects of ESG.</p> <ul style="list-style-type: none"> The company should recognize the key resources/capitals deployed in its business and establish financial and non-financial measures for resource/capital management and related outputs and outcomes. The company should have a process to ascertain, assess and manage risks which have an impact on the sustainability of the company. The company should have a process to recognize material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence. 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>Complied</p> <p>Process of managing risks in line with ESG aspects is discussed in the Risk management report.</p>
H.1.5. Board's Role On ESG Factors	H.1.5.1	<p>ESG reporting is a Board's responsibility and it is designed to add value by providing a credible account of the Company's economic, social and environmental impact.</p> <p>ESG reporting and disclosure should be formalized as part of the Company's reporting process and take place on a regular basis.</p> <p>ESG reporting should link sustainable issues more closely with strategy.</p> <p>ESG reporting may be built on a number of different guidelines, such as:</p> <ul style="list-style-type: none"> Integrated Reporting Framework The Global Reporting Initiative Guidelines 	<p>Complied</p> <p>ESG reporting and disclosure is done as part of the Company's reporting process based on Integrated Reporting Framework and The Global Reporting Initiative Guidelines.</p>

Section B

This section covers the Company's extent of adherence to the requirements of the Continuous Listing Requirements Section 7.10 on Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange. This reflects the Company's level of conformity to CSE's Listing Rules which comprise the following fundamental principles:

- Non-Executive Directors
- Independent Directors
- Disclosures Relating to Directors
- Remuneration Committee
- Audit Committee

The following table presents the details of the Company's compliance with Section 7.10 and Section 9 of the CSE Listing Rules on Corporate Governance as at 31st March 2022.

Section	Rule No	Corporate Governance Rule	Details of Compliance
Board of Directors Non-Executive Directors	7.10.1	Number of Non-Executive Directors – One-third of the total number of Directors, subject to a minimum of two.	The Board of Directors comprises eight Directors where seven of whom are Non-Executive Directors.
Independent Directors	7.10.2 (a)	Number of Independent Directors – One-third of Non-Executive Directors, subject to a minimum of two.	Three of the Non- Executive Directors are independent.
	7.10.2 (b)	Each Non-Executive Director should submit a declaration of independence/ non-independence.	Independent Non-Executive Directors have submitted declarations confirming their Independence.
Disclosures relating to Directors	7.10.3 (a)	Names of Independent Directors should be disclosed in the Annual Report.	Please refer pages 135 to 139.
	7.10.3 (b)	The Board shall make a determination annually as to the Independence or Non-Independence of each Non-Executive Director.	Complied
	7.10.3 (c)	A brief résumé of each Director should be included in the Annual Report including the area of experience.	Please refer Board of Directors section of this report on pages 16 to 18.
	7.10.3 (d)	Provide brief resume of any new Director appointed to the Board.	Please refer Board of Directors section of this report on pages 16 to 18.
Remuneration Committee	7.10.5 (a)	Number of Independent Non-Executive Directors in the Committee to be a minimum of two (where a Company has only two Directors on the Board), or in all other instances majority of whom to be independent.	The Committee Includes three Non-Executive Directors out of them two are Independent Non-Executive Directors.
Composition		Separate Committee to be formed for the Company or the Listed Parent's Remuneration Committee to be used.	A separate Remuneration Committee was formed for the Company.
		Chairman of the Committee to be a Non-Executive Director.	The Board of Directors has appointed an Independent Non-Executive Director as the Chairman of the Committee.
Functions	7.10.5 (b)	Function of the Committee. The committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer.	The Remuneration Committee Report sets out the functions of the Committee.
Disclosure in the Annual Report	7.10.5 (c)	The Annual Report should set out – Names of Directors comprising the Remuneration Committee Statement of Remuneration policy Aggregate remuneration paid to Executives and Non-Executive Directors	Please refer page 127. Please refer page 160.
Audit Committee Composition	7.10.6 (a)	Number of Independent Non-Executive Directors in the Committee to be – a minimum of two (where a Company has only two Directors on the Board), or in all other instances majority of whom to be independent.	The Committee comprises four Directors of whom three are Independent Non-Executive Directors.

Corporate Governance

Section	Rule No	Corporate Governance Rule	Details of Compliance
		Separate Committee to be formed for the Company or the Listed Parent's Committee to be used.	A separate Audit Committee was formed for the Company.
		Chairman of the Committee to be a Non-Executive Director.	The Board of Directors has appointed an Independent Non-Executive Director as the Chairman of the Committee.
		Chairman or one member of the Committee to be a member of a recognised professional accounting body.	Board Members of the Committee are members of a recognized professional accounting body.
		CEO and CFO to attend Committee meetings, unless otherwise determined by the Audit Committee.	CEO and CFO attend by invitation.
Functions	7.10.6 (b)	Function of the Committee.	The Audit Committee Report sets out the functions of the Committee.
Disclosure in the Annual Report	7.10.6 (c)	Names of Directors comprising the Audit Committee The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination. The Annual Report shall contain a Report of the Audit Committee in the prescribed manner.	Please refer pages 122 to 123.
Public Holding	7.13.1(a)	In case of float adjusted market capitalization is below Rs. 2.5bn, public holding percentage should maintain minimum at 20% and the minimum 500 public shareholders.	Complied
Related Party Transactions Review Committee	9.2.2	Combination of non-executive directors and independent non-executive directors. The composition of the committee may also include executive Directors, at the option of the listed entity. One independent Non - Executive Director Shall be appointed as chairman of the committee.	The Committee comprises of three Independent Non-Executive Directors. (Since 14th October 2021)
Composition	9.2.3	Separate Committee to be formed for the Company or the Listed Parent's Committee to be used.	Complied
Functions of the Committee.			The Related Party Transactions Review Committee Report sets out the functions of the Committee.
	9.2.4	Related Party Transactions Review Committee – Meetings. The Committee shall meet at least once a calendar quarter.	Complied
Disclosure in the Annual Report	9.3.2 (a)	Non-recurrent Related Party Transactions if aggregate value exceeds 10% of the equity or 5% Total assets whichever is lower.	Complied
	9.3.2 (b)	Recurrent Related Party Transactions – If aggregate value exceeds 10 % Gross/income as in the latest audited accounts.	Complied
	9.3.2. (c)	The Annual report shall contain a Report of the Related Party Transactions Review Committee in the prescribed manner.	Please refer Related Party Transactions Review Committee report on page 128.
	9.3.2 (d)	A declaration by the Board of Directors as an affirmative statement of the compliance with the rules pertaining to related party transactions.	Complied Please refer to page 128.

Disclosure Report under Finance Companies Corporate Governance Direction No. 3 of 2008

Corporate Governance Direction No. 3 of 2008

Finance Companies Corporate Governance Direction No.3 of 2008 and the subsequent amendments sets out the Corporate Governance Guidelines and Directions of the Central Bank of Sri Lanka. All Finance Companies are required to be compliant with the said Directions.

This report aims to disclose a selected set of Directions that the guideline requires explicit disclosure by way of certification.

Reporting to Central Bank

- The Company hereby certifies that Weekly, Monthly, Quarterly, and Annual prudential reports were submitted to the Financial Information Network (FinNet) in a timely manner and that there are no penalties affected on the Company due to late submission.
- The Company also certifies that the aforementioned prudential returns and other information submitted to the Central Bank of Sri Lanka contains accurate information and does not include any material and intentional misstatements.
- Large transactions report due to be submitted to the Financial Intelligence Unit (FIU) of the Central Bank of Sri Lanka has been submitted on a bi-monthly basis as per the requirement.

Disclosure under Direction No.3 of 2008

- It is hereby certified that the Company is in compliance with prudential requirements, regulations, laws, and internal controls. There was no necessity to take any corrective action on non-compliance during the period under review.

- It is hereby certified that no supervisory concerns on lapses in the finance company's risk management, or non-compliance with the Act, and rules and directions have occurred that required communication to the Director of the Department of Supervision of Non-Bank Financial Institutions.
- It is hereby certified that the Company is in compliance with the Acts, rules, and directions issued by the Monetary Board during the period under review.



Thushan Amarasinghe
Chief Executive Officer



Ranil De Silva
Chairman - Audit Committee



Iman Perera
Chief Operating Officer



Suranga Jayaweera
Senior Manager - Compliance

Colombo
10th May 2022

Board Audit Committee Report

Composition and Meetings

The Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities on ensuring the integrity and quality of financial reporting and related communications to the shareholders and the public. As such, the Audit Committee is responsible to review and monitor the financial reporting process of Singer Finance (Lanka) PLC and the internal controls of the company so as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective review. As at 31st March 2022 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Ranil De Silva (C)	INED	4/4
Mr. Jayanth Perera	Senior INED	4/4
Mr. Aravinda Perera	NED	4/4
Mr. Saman Herath (Appointed on 02nd September 2021)	INED	2/2
Mr. Priyath Salgado (resigned on 07th August 2021)	INED	2/2

(C) - Chairman

INED - Independent Non-Executive Director

NED - Non-Executive Director

During the year, four Audit Committee meetings were held to discuss the reports of the Internal and External Auditors, quarterly and annual Financial Accounts. The draft financial statements were also discussed and recommended at the meeting held on 10th May 2022. The minutes of the meetings are tabled at the meeting of the Board of Directors for information and necessary action.

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

The Chief Executive Officer, Chief Operating Officer, Head of Finance, Senior Manager Compliance, Senior Manager Credit, Senior Recoveries Manager and the Head of Internal Audit attend the Committee meetings by invitation. The External Auditors were also invited when required for meetings of the Audit Committee during the financial year.

Scope of the Committee

The Audit Committee's authority, responsibilities and specific duties have been formalised through an Audit Committee Charter which is periodically reviewed and revised with concurrence of the Board of Directors. The Audit Committee has authority to allow investigations into any matter within its scope and responsibility as defined in the Audit Committee charter. By this, the Audit Committee is empowered among other things to:

- Examine any matters relating to the financial affairs of Singer Finance (Lanka) PLC and to review the

adequacy of the internal control procedures, coverage of internal and external audit programmes, preparation, presentation and adequacy of disclosure in the financial statements and compliance with Statutory and Corporate Governance requirements.

- Assess the Company's ability to continue as a going concern in the foreseeable future.
- Ensure the effectiveness of the system of internal controls, financial reporting, risk management, compliance with laws, regulations and directions of the CBSL and other

regulators, as well as the adequacy and effectiveness of the governance process of the organisation.

- Review the internal audit reports and in liaison with the senior management of the Company take steps to ensure that precautionary measures are taken to mitigate the risk that could arise due to reported control weaknesses, procedure violations, frauds and errors.

The Committee is also provided with sufficient resources to perform its duties including support, as necessary, from the internal audit department, the external auditor, legal counsel and management in examining all matters relating to the Company's adopted accounting principles and practices, and in reviewing all material financial, operational and compliance controls.

The Audit Committee shall exercise its independent oversight on internal and external assurance functions and ensure both internal and external auditors' independence, objectivity and the effectiveness of the audit process, taking into consideration relevant Sri Lankan professional and regulatory requirements.

Activities of the Committee during the year

Financial Reporting System

The Committee assisted the Board of Directors in the discharge of its duties by reviewing the financial reporting system adopted by the Company and satisfied itself that accounting policies, practices and internal controls in place are adequate to provide reasonable assurance that the financial reporting system is effective and efficient to provide reliable and timely information.

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

The Audit Committee reviewed significant business and internal control risks and suggested, where necessary, appropriate remedial measures.

The Committee and the Board reviewed the quarterly financial results to ensure compliance with mandatory, statutory and other regulatory requirements laid down by the authorities.

The Audit Committee also reviewed the effectiveness of the financial reporting system/s including the management accounts to ensure reliability of the information provided to the Board and other stakeholders of the Company.

Regulatory Compliance

Regulatory compliance is a priority. Mechanisms to ensure timely and effective implementation of regulatory requirements are necessary to safeguard the interests of all stakeholders.

The Compliance Officer reviews and reports on any gaps or areas of non-compliance to the Audit Committee and monitors the Companies compliance with the applicable laws and regulations, including any internal policy on code of conduct of its employees.

Thus, the Committee ensures that a sound financial reporting framework, which is well monitored to give accurate, appropriate and timely information to the Board of Directors, Management, Regulatory Authorities and shareholders is in place.

Internal Audit

The internal audit function of the branches is partly outsourced to Messrs BDO Chartered Accountants. The Head Office functions are audited by the Internal Audit division of the Company headed by the Manager Internal Audit. The internal auditors are responsible to review and report on the efficacy of the internal control system and compliance with statutory and other regulations and the Company's accounting and operational policies.

The Procedure Manual of the Internal Audit Department is in place to reflect current practices of the Internal Audit Department. The annual internal audit plan is reviewed by the Committee before commencement of the financial year and assesses the adequacy of resources for the department to provide uninterrupted assurance service.

The Committee has reviewed the performance of the Chief Internal Auditor for the period and the efficacy of the internal control system and compliance with regulatory requirements and also the Company's accounting and operational policies through the internal audit function.

The Committee critically examines the control weaknesses highlighted in the internal audit reports and follow-up action taken by the management on the audit recommendations are also reviewed.

External Audit

The Committee reviewed the non-audit services provided by the auditors to ensure that the provision of these services do not impair their independence.

The Committee reviewed and discussed the scope of audit, approach and audit plan with Messrs KPMG Chartered Accountants, prior to the commencement of the audit for 2021/22. The Committee met the external auditors to discuss the management letter pertaining to the previous year's audit and the management's response thereto. Follow-up actions were taken to ensure that the recommendations contained in the management letter were implemented by the management.

The Committee is satisfied that there is no conflict of interests between the Company and the Auditor which would hinder the independence and objectivity of the Auditor.

During the year, the Committee evaluated the performance of the external auditor. The Audit Committee recommended to the Board of Directors that Messrs KPMG Chartered Accountants be reappointed as the External Auditors for the year ending 31st March 2023 subject to the approval of the Shareholders at the Annual General Meeting.

Finance Companies (Corporate Governance) Direction No.3 of 2008

The highest standards of corporate governance and adherence to the internal policies and procedures were ensured by

the Audit Committee to establish good governance within the organisation.

In terms of the Section 8 (2) 1 of the above direction, the Chief Finance Officer, the Head of Internal Audit and a representative of the external auditors may normally attend meetings. Other Board members and the Chief Executive Officer may also attend meetings upon the invitation of the Committee. However, at least once in six months; the Committee shall meet with the external auditors without the Executive Directors being present. The Audit Committee Chairman last met with the external auditors without the presence of the Executive Directors and Management on the 29th March 2022.

The Committee is satisfied with the present corporate governance framework of the organisation which ensures a balance of power and authority.

Conclusion

I take this opportunity to convey my deep appreciation to the services rendered to the committee by Mr. Priyath Salgado, who retired after completing the maximum allowed period of 9 years for non-executive Directors as per Direction No.3 of 2008 laid down by the Central Bank of Sri Lanka. I wish him success in all his future endeavours.

Finally, I thank all the members who served on the Audit Committee during the year for their valuable contribution to the deliberations of the Committee.



Ranil De Silva

Chairman – Audit Committee

Colombo
10th May 2022

Board Nominations Committee Report

Composition and Meetings

The Nominations Committee is a sub-committee of the Board of Directors of the Company and reports directly to the Board.

As at 31st March 2022 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Jayanth Perera (C)	Senior INED	2/2
Mr. Aravinda Perera	NED	2/2
Mr. Ranil De Silva	INED	2/2
Mr. Saman Herath <i>(Appointed on 02nd September 2021)</i>	INED	1/1
Mr. Priyath Salgado <i>(Resigned on 7th August 2021)</i>	INED	1/1

(C) - Chairman

INED - Independent Non-Executive Director

NED - Non-Executive Director

The Committee comprises of three Independent Non-Executive Directors and one Non-Executive Director. The Chief Executive Officer of the Group attends by invitation.

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

The Committee reviewed the structure and composition of the Board and recommended the requirement of additional/new expertise on the Board and also discussed the succession arrangements for retiring Directors.

Scope of the Committee

The Nomination Committee operates within the terms of reference as approved by the Board. As per the said terms of reference, majority of the Membership of the Committee shall be Non-Executive Directors and shall include at least one or one third (whichever is higher) of Independent Non-Executive Directors. The Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board. The quorum of the Committee shall be two members who are Non-Executive Directors of which at least one should be independent.

The Committee's terms of reference outlines the composition and role and responsibilities of the committee which are stated below.

- Propose a suitable charter for the appointment and re-appointment of Directors to the Board and to act in accordance with such Charter in proposing appointments and re-appointments. Such Charter shall cover areas such as qualifications, competencies, independence, and relationships which have the potential to give rise to conflict vis-a-vis the business of the Company etc.
- Recommend Directors who are retiring by rotation to be placed before the shareholders, for re-election.
- Review the structure, size, composition and competencies (including the skills, knowledge, and experience) of the Board and makes recommendations to the Board with regard to any changes if necessary.

Re-election of Directors at the Annual General Meeting

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

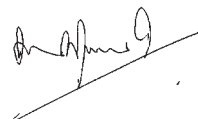
In terms of Article 24(4) of the Articles of Association of the Company, Mr. Jayanth Perera retires by rotation and is eligible to offer himself for re-election. Accordingly, the shareholders will be requested to re-elect him at the forthcoming Annual General Meeting.

In terms of Article 24(9) of the Articles of Association of the Company, Mr. Saman Herath, Independent Non-Executive Director who has been appointed to the Board since the last Annual General Meeting, being eligible for re-election and the shareholders will be requested to re-elect him at the forthcoming Annual General Meeting.

Conclusion

I take this opportunity to convey my deep appreciation to the services rendered to the committee by Mr. Priyath Salgado, who retired after completing the maximum allowed period of 9 years for non-executive Directors as per Direction No.3 of 2008 laid down by the Central Bank of Sri Lanka. I wish him success in all his future endeavours.

Finally, I wish to thank and place my record of appreciation to all the members of the Committee.



Jayanth Perera
Chairman – Board Nomination Committee

Colombo
10th May 2022

Board Risk Management Committee Report

Composition and Meetings

The Risk Management Committee is a sub-committee of the Board of Directors of the Company and reports directly to the Board. As at 31st March 2022 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Jayanth Perera (C)	INED	4/4
Mr. Saman Herath (Appointed on 02nd September 2021)	INED	2/2
Mr. Priyath Salgado (resigned on 07th August 2021)	INED	2/2
Mr. Thushan Amarasuriya	ED	4/4

(C) - Chairman

INED - Independent Non-Executive Director

ED - Executive Director

Assistant Manager Risk functions as the Secretary to the Committee. Chief Operating Officer, Head of Finance, Senior Manager Credit, Head of Recoveries, Consultant to the Chairman, Head of Treasury and Digital Transformation, Head of Legal, Senior Operations Manager and Manager Deposit Operations represented the management at the Committee by invitation and when necessary.

The Committee reports to the Board by way of minutes and provides recommendations when necessary. All minutes of the Committee meetings are tabled and ratified at meetings of the Board and follow up action is taken on outstanding matters.

Scope of the Committee

The Board Risk Management Committee operates within the terms of reference as approved by the Board.

The main role and responsibilities of the Committee are to assist the Board in fulfilling its oversight responsibilities for all aspects of risk management. In this connection, the Committee focuses on, and reviews risks such as credit, market, liquidity, operational and strategic risks through appropriate risk indicators and management information.

In addition to the above, the Committee is responsible for reviewing and/ or recommending the following which are identified in the Charter of the Integrated Risk Management Committee:

- Review and oversee the risk and compliance profile of the Company within the context of the Board determined risk parameters.
- Make recommendations to the Board concerning the Company's risk appetite and particular risk or compliance management practice of the Company.
- Review and oversee the management's plan for mitigating of the material risks faced by the various business units of the Company.
- Oversee and review the implementation of risk management and regulatory compliance throughout the Company.

The Committee is conscious, that when carrying out its responsibilities, the Company is in the business of taking risk. The aim of the Company and the Committee is therefore not to minimise risks but to optimise it by ensuring that risks being taken are, properly identified and understood, appropriate, relative to the scale and type of business, affordable, properly controlled and managed and earning an appropriate return.

The Committee works closely with the Audit Committee and reviews the Whistle-Blower Policy of the Company.

Anti-Money Laundering and Combating the Financing of Terrorism Committee (AML/ CFT Committee)

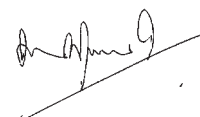
In line with regulatory requirements, the Company established an AML/ CFT committee to oversee the risks associated with AML/CFT. The Committee comes under the aegis of the IRMC. The Chairman of this committee is the Chief Executive Officer and the Senior Manager Compliance serves as the Secretary. Minutes of the quarterly meetings are escalated through the IRMC to the Board.

Conclusion

The Committee is of the view that the Company has made progress towards meeting the challenges of risk management and compliance, complying with International Standards. In view of accomplishing this task, the above mentioned Risk Management Committee assesses the credit, market, liquidity, operational, strategic and compliance risks on a regular basis through appropriate risk indicators and management information.

I take this opportunity to convey my deep appreciation to the services rendered to the committee by Mr. Priyath Salgado, who retired after completing the maximum allowed period of 9 years for non-executive Directors as per Direction No.3 of 2008 laid down by the Central Bank of Sri Lanka. I wish him success in all his future endeavours.

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



Jayanth Perera

Chairman - Integrated Risk Management Committee

Colombo
10th May 2022

Board Credit Committee Report

Composition and Meetings

The Credit Committee is responsible for 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, and oversight of Management's actions to ensure the adequacy of the allowance for credit losses and the Company's credit-related policies. As at 31st March 2022 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Jayanth Perera (C) <i>(Appointed as the Chairman of the Committee on 7th August 2021)</i>	Senior INED	2/2
Mr. Saman Herath <i>(Appointed on 02nd September 2021)</i>	INED	1/1
Mr. Thushan Amarasuriya	ED	4/4
Mr. Priyath Salgado <i>(Resigned on 07th August 2021)</i>	INED	2/2

(C) - Chairman

INED - Independent Non-Executive Director

ED - Executive Director

Senior Manager Credit functions as the Secretary to the Committee. Chief Executive Officer, Chief Operating Officer, Head of Finance, Head of Recoveries, Consultant to the Chairman and Manager Credit represented the management at the Committee by invitation and when necessary.

Scope of the Committee

In performing its oversight responsibilities as set forth above, the Committee shall oversee the Management's;

- Establishment of policies and guidelines, to be adopted by the Board, articulating the Company's tolerances with respect to credit risk, and shall oversee management's administration of, and compliance with, these policies and guidelines.
- Establishment of appropriate systems (including policies, procedures and management committees) that support measurement and control of credit risk, and shall periodically review management's strategies, policies and procedures for managing credit risk, including credit quality administration, and the establishment and testing of allowances for credit losses.
- Administration of the Company's credit portfolio, including Management's responses to trends in credit risk, credit concentration and asset quality, and shall receive and review reports from Management regarding compliance with applicable credit risk related policies, procedures and tolerances.

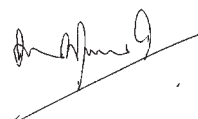
Conclusion

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 exposures complying with best practices.

I take this opportunity to convey my deep appreciation to the services rendered to the committee by Mr. Priyath Salgado as the Chairman of the Committee, who retired after completing the maximum allowed period of 9 years for Non-Executive Directors as per Direction No.3 of 2008 laid down by The Central Bank of Sri Lanka. I wish him success in all his future endeavours

Finally, I would like to thank all the members who served on the Credit Committee during the year for their valuable contribution to the deliberations of the Committee.

For and on behalf of the Credit Committee.



Jayanth Perera

Chairman - Credit Committee

Colombo
10th May 2022

Board Remuneration Committee Report

Composition and Meetings

The Remuneration Committee is a sub-committee of the Board of Directors of the Company and reports directly to the Board. As at 31st March 2022 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Jayanth Perera (C)	Senior INED	1/1
Mr. Aravinda Perera	NED	1/1
Mr. Ranil De Silva	INED	1/1
Mr. Saman Herath (appointed on 02nd September 2021)	INED	-
Mr. Priyath Salgado (resigned on 07th August 2021)	INED	1/1

(C) - Chairman

INED - Independent Non-Executive Director

NED - Non-Executive Director

The Remuneration Committee consists of three Independent Non-Executive Directors and one Non-Executive Director. The Committee is chaired by an Independent Non-Executive Director. Mr. Ramesh Chithrasiri who is the Finance Director of the parent Company functions as the Secretary to the Committee. Group Chief Executive Officer and Group Chairman attend the Committee by invitation and assists the Committee by providing the relevant information and participating in its analysis and deliberations.

The Committee meets from time to time and reviews the Company's remuneration and fee structures to assure alignment with strategic priorities and with compensation offered by comparative companies.

Scope of the Committee

The scope of the Committee includes,

- Looking into fees, remuneration and perquisites of the Chief Executive Officer who is also an Executive Director of the Board of the Company, Independent Directors, and Non-Executive Directors and approve recommendations made by the Group Chief Executive Officer.
- Reviewing the policies pertaining to the remuneration and perquisites of the Executives of the Company.

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

Professional Advice

The Committee is authorized to seek external professional advice on matters within its purview.

Remuneration paid to Directors

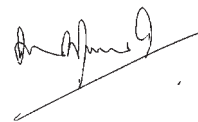
The remuneration paid to Directors during the year under review is disclosed in Note 10 to the financial statements.

All Independent Non-Executive Directors receive a fee for serving on the Board and Sub-Committee.

Conclusion

I take this opportunity to convey my deep appreciation to the services rendered to the committee by Mr. Priyath Salgado, who retired after completing the maximum allowed period of 9 years for non-executive Directors as per Direction No.3 of 2008 laid down by the Central Bank of Sri Lanka. I wish him success in all his future endeavours.

Finally, I wish to thank members of the Committee, the Group Chief Executive Officer for their valuable contributions to the deliberations of the Committee.



Jayanth Perera

Chairman - Remuneration Committee

Colombo

10th May 2022

Report of the Board Related Party Transactions Review Committee

Composition and Meetings

The Company formally appointed its own Related Party Transactions Review Committee (RPTRC) during the year. Until such time, the Related Party Transactions Review Committee of the Parent Company assisted the Board in reviewing all related party transactions in accordance with Section 9.2.3 of the Listing Rules of the Colombo Stock Exchange.

The Related Party Transactions Review Committee comprises three Independent Non-Executive Directors. Group Chief Executive Officer attends the Committee by invitation. Mr. Ranil De Silva represented Singer Finance in two Group RPTRC meetings before a RPTRC for Singer Finance was formally appointed. As at 31st March 2022 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Ranil De Silva (C)	INED	4/4
Mr. Jayanth Perera	Senior INED	2/2
Mr. Saman Herath (appointed on 2nd September 2021)	INED	2/2

(C) - Chairman

INED - Independent Non-Executive Director

The above composition is in compliance with the provisions of the Code regarding the composition of the Board Related Party Transactions Review Committee. Brief profiles of the members are given on pages 16 to 18 of this Annual Report.

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

- Systems are updated with KMP and their CFM details on a half yearly basis or as and when the need arises in the event of a material change.
- Data is extracted from the system, verified and validated.
- All Managers are advised to report RPTs to the Head of Finance who has been identified as the focal point, for this purpose.
- Data is shared with the Head of Finance and the Company Secretaries to meet the regulatory requirements if required.

Task of the committee

The Committee reviewed the related party transactions and their compliance and communicated to the Board.

The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the Management and in compliance with Section 9 of the CSE Listing Rules.

Related Party Transactions are disclosed in the Note 39 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.

Conclusion

I wish to take this opportunity to thank the members of the Singer Group RPTRC, who assisted the Board since 2016 in reviewing related party transactions.

I also wish to thank members of the Committee for their valuable contributions to the deliberations of the Committee.



Ranil De Silva

Chairman - Board Related Party Transactions Review Committee

Colombo
10th May 2022

Scope of the Committee

The mandate of the Committee as set out in the Board approved Terms of Reference (RPTRC Charter) is derived from the Listing Rule of the CSE and the FBA Direction No. 5 of 2021 and sets out the purpose of the Committee. As outlined by the charter the roles and responsibilities of the Committee are as follows.

- Developing a Related Party Transaction Policy consistent with the provisions of the Code and the Rules for adoption by the Board of Directors of the Company and its listed subsidiaries.
- Reviewing in advance all proposed Related Party Transactions ("RPTs") in compliance with the provisions of the Code.
- Advising the Board on making Immediate Market Disclosures and Disclosures in the Annual Report where necessary, in respect of RPTs, in compliance with the provisions of the Code and the Rules.

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. This information is in the system.

Auditor's Report on the Directors' Statement on Internal Control over Financial Reporting



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

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+94 - 11 244 6058
Internet www.kpmg.com/lk

We were engaged by the Board of Directors of Singer Finance (Lanka) PLC ("The company") to provide assurance on the Directors' Statement on Internal Control over financial reporting ("Statement") included in the Annual Report for the year ended 31 March 2022 as set out pages 130 to 131 in the annual report.

Responsibilities of the management and those charged with governance for statement on Internal control

Management is responsible for the preparation and presentation of the statement in accordance with the "Guidance for Directors of License Finance Company/ Finance Leasing Company on the Director's statement on internal control" issued in compliance with the section 10 (2) (c) of the finance companies (corporate governance) Direction No.03 of 2008 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 found on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Sri Lanka Standard on Quality control 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.

Scope of the engagement in compliance with SLSAE 3051

Our responsibility is to issue a report to the Board on the statement based on the work performed. We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3051-Assurance Report for Licensed finance companies and finance leasing companies on Directors' Statement on Internal Control issued by The Institute of Chartered Accountants of Sri Lanka.

Summary of work performed

Our engagement has been conducted 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 system of internal control for the Company.

To achieve this objective, appropriate evidence has been obtained by performing the following procedures:

- Enquired the Directors to obtain an understanding of the process defined by the Board of Directors for their review of the design and effectiveness of internal control and compared their understanding to the Statement made by the Directors in the Annual Report.
- Reviewed the documentation prepared by the Directors to support their statement made.
- Related the statement made by the Directors to our knowledge of the Company obtained during the audit of the Financial Statements.
- Attended meetings of the Audit Committee at which the Annual Report, including the Statement on Internal

Control is considered and approved for submission to the Board of Directors.

- Considered whether the Directors' Statement on Internal Control covers the year under review and that adequate processes are in place to identify any significant matters arising.
- Obtained written representations from Directors on matters material to the Statement on Internal Control where other sufficient appropriate audit evidence cannot reasonably be expected to exist.

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.

Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included on pages 130 to 131 of this annual report is inconsistent with our understanding of the process the Board of Directors have adopted in the review of the design and effectiveness of internal control system over the financial reporting of the Company.

Chartered Accountants
Colombo
10 May 2022

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

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

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

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

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

Directors' Statement on Internal Control

Responsibility

In line with the Finance Business Act No. 42 of 2011; Finance Companies (Corporate Governance) Direction No.03 of 2008; the Board of Directors presents this Report on Internal Control.

The Board of Directors (Board) is responsible for the adequacy and effectiveness of the Singer Finance (Lanka) PLC ('the Company') system of internal controls. However, such a system is designed to manage the Company's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives of the Company. Accordingly, the system of internal controls can only provide reasonable but not absolute assurance against material misstatement of financial information against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes enhancing the system of internal controls as and when there are changes to 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 key processes that have been established in reviewing the adequacy and integrity of the system of internal controls with respect to financial reporting include the following.

- Various appointed committees are established by the Board to assist the Board in ensuring the effectiveness of 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 policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any non-compliance. Audits are carried out on all units and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report. The annual audit plan is reviewed and approved by the Board Audit Committee. Findings of the internal audit are submitted to the Board Audit Committee for review at their periodic meetings.
- The Board Audit Committee of the Company reviews internal control issues identified by the Internal Audit Division, regulatory authorities and management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and 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 122 & 123.

- The observations made by the External Auditors in connection with the internal control system during the financial year 2021/2022 will be taken into consideration and appropriate steps will be taken to address them as appropriate during the ensuing year.
- In assessing the internal control system, responsible officers of the Company continued to review and update all procedures and controls that are connected with significant accounts and disclosures in the Financial Statements. The Internal Audit Department continuously verifies the suitability of design and effectiveness of these procedures and controls on an ongoing basis.

Confirmation

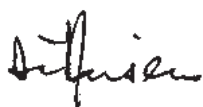
Based on the above processes, the Board of Directors confirm that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance 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 31

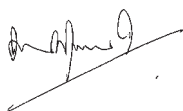
March 2022 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control system over financial reporting of the Company.

By order of the Board



Ranil De Silva

Chairman – Audit Committee



Jayanth Perera

Senior Independent

Non-Executive Director



Thushan Amarsuriya

Executive Director/CEO

Colombo

10th May 2022

Board of Directors Communication Policy

Policy Statement

Singer Finance (Lanka) PLC ("the Company") values the input and insights of all its stakeholders, including lenders, creditors, shareholders, borrowers and other interested parties and believes that effective communication strengthens the role of the Company's Board of Directors ("the Board") as an active, informed and engaged body. To facilitate communication, this Policy outlines the procedures for communicating with the Board, its Committees and its members.

This policy has been approved by the Board of Directors and became effective from 31st March 2016. The Board of Directors will oversee this Policy, review it and may recommend any changes from time to time. The Board can modify this Policy unilaterally at any time without notice.

Communications to the Board

Stakeholders and other interested parties can communicate with the Board as a whole, the Independent Directors, or any individual member of the Board or any Committee of the Board. All such written communications should be submitted by mail to the following address;

Hayleys Group Services (Private) Limited

Company Secretaries for Singer Finance (Lanka) PLC,
No. 400, Deans Road,
Colombo 10

Procedures for Handling Communications to the Board

The Board has designated the Company's Board 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 Board Secretary may communicate with the sender for any clarification. In addition, the Board 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 Board Secretary to be potentially material to the Company.

As an initial matter, the Board Secretary will determine whether the communication is a proper communication for the Board. The Board 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 Board Secretary to be immaterial to the Company.

Separately, the Company's Audit Committee has established a Whistle-blower Policy for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, auditing matters, fraud and unethical business practices, sexual harassment/ misconduct, racial or religious discrimination and the confidential, anonymous submission by employees or any other concerned persons of concerns regarding questionable practices or events that would be harmful to the Company's progress and reputation.

Hayleys Group Services
(Private) Limited
Company Secretaries

FINANCIAL STATEMENTS

Financial Calendar – 2021/22

Annual Report 2020/21 06th May 2021
Fourteenth Annual General Meeting 28th June 2021

Interim Financial Statements in terms of Listing Rule 7.4 of the Colombo Stock Exchange.

1st Quarter

For the three months ended 30th June 2021
(Unaudited) 27th July 2021

2nd Quarter

For the six months ended 30th September 2021
(Unaudited) 25th October 2021

3rd Quarter

For the nine months ended 31st December 2021
(Unaudited) 25th January 2022

4th Quarter

For the twelve months ended 31st March 2022
(Unaudited) 10th May 2022

Annual Report and Annual General Meeting

Annual Report 2021/22 Approved on 10th May 2022
Fifteenth Annual General Meeting 29th June 2022

Proposed Financial Calendar 2022/23

1st Quarter Results

For the three months period ending 30th June 2022
(Unaudited) July 2022

2nd Quarter Results

For the six months period ending 30th September 2022
(Unaudited) November 2022

3rd Quarter Results

For the nine months period ending 31st December 2022
(Unaudited) February 2023

4th Quarter Results

For the twelve months period ending 31st March 2023
(Unaudited) May 2023
Annual Report and Audited Accounts for 2022/23
June 2023
Sixteenth Annual General Meeting June 2023

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 2022.

Review of the Year

The Chairman's Review (pages 10 to 11), the Group Chief Executive Officer's Review (pages 12 to 13), Chief Executive Officer's Review (pages 14 to 15) and Capital Reports (pages 34 to 54), 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 34 to 35 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 141 to 145 in this Annual Report.

Financial Statements

The Financial Statements for the year ended 31st March 2022 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 146 to 221 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 150 to 221. The accounting policies adopted are consistent with the previous financial year.

Property, Plant and Equipment

During the year under review, the Company invested Rs. 156.6 million (including Capital Working Progress) (2020/21, Rs. 115.4 million) in Property, Plant and Equipment. Rs. 63.6 million was spent on renovating and upgrading leasehold premises. Further Rs. 40.0 million, Rs. 36.4 million, and Rs. 16.6 million were spent on purchasing of EDP Equipment, Office Equipment and Furniture and Fittings respectively.

Details of Property, Plant and Equipment and their movements are given in Note No. 22 to the Financial Statements.

Intangible Assets

During the year under review, the Company acquired Rs. 34.2 million worth of software to develop the IT infrastructure of the Company. Total investment in software as at the Balance Sheet date was Rs. 69.5 million. Details of intangible assets are given under Note 21 to the Financial Statements.

Directors' Responsibilities

The Statement of Directors' Responsibility is given on page 140.

Corporate Governance

The Company has complied with Corporate Governance Rules laid down under the Listing Rules of the Colombo Stock Exchange, Code of Best Practice on Corporate Governance issued in year 2017 by the Institute of Chartered Accountants of Sri Lanka and the Corporate Governance Direction No. 3 of 2008 and subsequent amendments issued by the Central Bank of Sri Lanka. The corporate governance section on pages 68 to 120 describes the good corporate governance principles adopted by the Company.

Profit and Appropriations	2022	2021
	Rs.	Rs.
Company profit before tax for the year ended 31st March after deducting all expenses, known liabilities and depreciation amounts	958,668,862	601,800,529
Provision for income tax	(337,528,693)	(191,673,605)
Profit after tax for the year	621,140,169	410,126,924
Profit brought forward from the previous year	2,118,970,479	1,730,189,688
Interim dividend of Rs.0.80 per share	(161,659,260)	-
Profit available for appropriation	2,578,451,388	2,140,316,612
The following appropriations have been proposed:		
Transfer to Reserve fund	(31,057,009)	(20,506,347)
Actuarial (Gain)/Loss on Retirement Benefit Obligation	(4,345,715)	(1,104,981)
Tax on Other Comprehensive Income	1,042,972	265,195
Total appropriation before Other Comprehensive Income	(34,359,752)	(21,346,133)
Balance on Company basis to be carried forward	2,544,091,636	2,118,970,479

Annual Report of the Board of Directors on the Affairs of the Company

Dividend

In terms of Article 7 of the Articles of Association of the Company, an interim dividend of Rs. 0.80 per share was approved by the Directors for the financial year 2020/21 and paid on 02nd July 2021, after obtaining the Central Bank approval for same.

The Board signed a Certificate of Solvency stating that the Company would satisfy the Solvency Test immediately after the said distribution is made in accordance with Section 57 of the Companies Act No. 07 of 2007. The Directors obtained a Certificate of Solvency from the Auditors prior to the date of dispatch of the dividend payment.

Reserves

The Company's Reserves and Retained Profits as at 31st March 2022 amounted to Rs. 2,778.2 million vs Rs. 2,322 million as at 31st March 2021. 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 2022 comprising of 202,074,075 ordinary shares and was unchanged during the year. Details and movement of the stated capital are given in Note 32 to the Financial Statements on page 199.

Events after the Reporting Period

There have been no material events occurring after the Reporting date which requires adjustments to or disclosure except as stated in Note. 38 in the Financial Statements.

Statutory Payments

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 140.

Directors Interests and Interest Register

Details of transactions with Director- related entities are disclosed in Note No. 39 to the Financial Statements on pages 216 to 218 and have been declared at the Board Meetings, pursuant to the Section 192 (2) of the Companies Act No. 7 of 2007.

There were no share/debenture transactions by the Directors during the financial year in the Company.

Board of Directors and Board Sub-Committees

The following Directors served on the Board of the Company during the period under review:

Executive

Mr. Thushan Amarasiyaya - CEO

Non-Executive

Mr. Aravinda Perera - Chairman

Mr. Mahesh Wijewardene - Group CEO

Ms. Darshini Talpahewa

Mr. Sadeep Perera

Independent Non-Executive

Mr. Jayanth Perera (Senior Independent)

Mr. Ranil De Silva

Mr. Saman Herath (appointed on 02nd September 2021)

Mr. Priyath Salgado (resigned on 07th August 2021)

Brief profiles of the Directors are shown on pages 16 to 18.

Retirement, Re-election, Resignation and Appointment of Directors

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

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

In terms of Article 24(9) of the Articles of Association of the Company, Mr. Saman Herath, Independent Non-Executive Director who has been appointed to the Board since the last Annual General Meeting, being eligible for re-election and the shareholders will be requested to re-elect him at the forthcoming Annual General Meeting.

Mr. Priyath Salgado, Independent Non-Executive Director ceased to be on the Board with effect from 07th August 2021.

Independence of Directors

In accordance with the Finance Companies (Corporate Governance) Direction No. 3 of 2008, and subsequent amendments, Section A 5.4 of Code of Best Practice on Corporate Governance and Rule 7.10.2(b) of the Colombo Stock Exchange (CSE) Listing Rules, Mr. Jayanth Perera, Mr. Ranil De Silva and Mr. Saman Herath (appointed on 02.09.2021) who are Independent Non-Executive Directors of the Company, have submitted a signed and dated declaration as per the specimen given in appendix 7A of continuing listing requirement of CSE.

The Board has designated Mr. Jayanth Perera as a Senior Independent Director in order to ensure compliance with Section 4 (4) of Finance Companies (Corporate Governance) Direction

No. 3 of 2008 by virtue of the ability to make such appointment vested by Section 7 (2) of the Finance Companies (Corporate Governance) Direction No. 3 of 2008.

Corporate Governance

Director's Declaration

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

- (a) The Company complied with all applicable laws and regulations in conducting its business
- (b) The Directors have declared all material Interest in contracts involving the Company and refrained from voting on matters in which they were materially interested
- (c) The Company has made all endeavours to ensure the equitable treatment of shareholders
- (d) The business is a going concern with supporting assumptions or qualifications as necessary, and
- (e) A review of internal controls covering financial, operational and compliance controls and risk management has been conducted and reasonable assurance of their effectiveness and successful adherence has been obtained .

The Corporate Governance report is given under the governance section of the Annual Report.

Board Sub-Committees

Audit Committee

Following are the names of the Directors comprising the Audit Committee of the Board:

- Mr. Ranil De Silva (Independent Non-Executive Director) – Chairman
- Mr. Jayanth Perera (Senior Independent Non-Executive Director)
- Mr. Saman Herath (Independent Non-Executive Director) - appointed on 02.09.2021
- Mr. Aravinda Perera (Non-Executive Director)
- Mr. Priyath Salgado (Independent Non-Executive Director) - resigned on 07.08.2021

The Report of the Audit Committee on pages 122 to 123 sets out the manner of compliance by the Company in accordance with the requirements of Finance Companies (Corporate Governance) Direction No. 3 of 2008 and subsequent amendments issued by the Central Bank of Sri Lanka and Rule 7.10 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

Board Risk Management Committee

Following are the names of the Directors and Executives comprising the Board Risk Management Committee:

Mr. Jayanth Perera (Senior Independent Non-Executive Director) - Chairman

Mr. Saman Herath (Independent Non-Executive Director) - appointed on 02.09.2021

Mr. Thushan Amarasuriya - Chief Executive Officer/ (Executive Director)

Mr. Priyath Salgado (Independent Non-Executive Director) - resigned on 07.08.2021

Mr. Sameera Madusanka - Ast. Manager Risk /(Secretary)

The Report of the Board Risk Management Committee on page 125 sets out the manner of compliance by the Company in accordance with the requirements of the Finance Companies (Corporate Governance) Direction No. 03 of 2008 and subsequent amendments issued by the Central Bank of Sri Lanka.

Remuneration Committee

Following are the names of the Directors comprising the Remuneration Committee of the Board:

- Mr. Jayanth Perera (Senior Independent Non-Executive Director) - Chairman
- Mr. Aravinda Perera (Non-Executive Director)
- Mr. Ranil De Silva (Independent Non-Executive Director)
- Mr. Saman Herath - (Independent Non-Executive Director) - appointed on 02.09.2021
- Mr. Priyath Salgado (Independent Non-Executive Director) - resigned on 07.08.2021

The Report of the Remuneration Committee on page 127 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 No. 10 to the Financial Statements on page 160 .

Board Nomination Committee

Following are the names of the Directors comprising the Nomination Committee of the Board:

- Mr. Jayanth Perera (Senior Independent Non-Executive Director) - Chairman
- Mr. Saman Herath (Independent Non-Executive Director) - appointed on 02.09.2021
- Mr. Aravinda Perera (Non-Executive Director)
- Mr. Ranil De Silva (Independent Non-Executive Director)
- Mr. Priyath Salgado (Independent Non-Executive Director) - resigned on 07.08.2021
- Hayleys Group Services (Private) Limited - Secretary

Annual Report of the Board of Directors on the Affairs of the Company

The Report of the Board Nomination Committee on page 124 sets out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued in 2017 by the Institute of Chartered Accountants of Sri Lanka.

Related Party Transactions Review Committee

The Company formed its own Board Related Party Transactions Review Committee during the reporting period. Until such time, the Board Related Party Transactions Review Committee of the Parent Company assisted the Board in reviewing all related party transactions in accordance with the requirements of the Code of Best Practice on Related Party Transactions issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and Listing Rules of the Colombo Stock Exchange.

The following are the names of the Directors comprising the Board Related Party Transaction Review Committee.

Mr. Ranil De Silva (Independent Non-Executive Director) - Chairman

Mr. Jayanth Perera (Senior Independent Non-Executive Director)

Mr. Saman Herath (Independent Non-Executive Director) - appointed on 02.09.2021

Hayleys Group Services (Private) Limited -Secretary

The report of the Board-Related Party Transactions Review Committee on page 128 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 of Singer (Sri Lanka) PLC and

Singer Finance (Lanka) PLC 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 226 to 229 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.

Issue of listed debentures

The Company has issued following debentures during the year ended 31st March 2022.

* Type A - 9.25% five years debentures of Rs. 583,220,000/- at fixed rate

* Type B - 1 Year T-Bill Rate + 3.75% five years debentures of Rs. 1,416,780,000/-

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 at follows:

Name of the Director	Shareholding		Debenture Holding	
	31.03.2022	01.04.2021	31.03.2022	01.04.2021
	No. of shares	No. of shares	No. of Debenture	No. of Debenture
Mr. Aravinda Perera	Nil	Nil	Nil	Nil
Mr. Jayanth Perera	Nil	Nil	Nil	Nil
Mr. Priyath Salgado (resigned on 07.08.2021)	12,224	12,224	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. Sadeep Perera	Nil	Nil	Nil	Nil
Mr. Saman Herath (appointed on 02.09.2021)	Nil	Nil	Nil	Nil

Employment

The number of persons employed by the Company as at 31st March 2022 was 818 (2021 – 701).

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 39 to 44.

Donations

During the year, the Company has made Rs. 439,310/- as donations. (2021 – Rs. 714,098/-)

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 Singer Group. All the Key and Senior Managers need to adhere to the code of the parent Company and escalate down the same to their reports. If there are any deviations, such matters need to be brought to the notice of the Chief Executive Officer.

Cyber Security Risk

Cyber Security risks of the Company are monitored by the IT division of both the Company and Parent Company. Consultants are also engaged from time to time to review cyber security risks and to establish relevant controls.

Auditors

The Financial Statements for the period under review were audited by Messrs KPMG, Chartered Accountants who offer themselves for re-appointment for the ensuing year. The Directors propose the re-appointment of Messrs KPMG, Chartered Accountant as Auditors of the Company for the year 2022/23.

A resolution proposing Messrs KPMG as Auditors of the Company and authorise Directors to determine their remuneration will be put to the shareholders 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 160 in this Annual Report.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company.

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

Notice of Meeting

The 15th Annual General Meeting will be held via an online meeting platform on 29th June 2022 at 10.00 a.m.


The Notice of the Annual General Meeting of the shareholders is given on page 235.

For and on behalf of the Board,



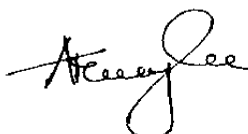
Aravinda Perera

Non Executive Director/Chairman



Thushan Amarasinga

Executive Director/CEO



Hayleys Group Services (Private) Limited

Secretaries for

Singer Finance (Lanka) PLC

Colombo

10th May 2022

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 Sections 150 (1) and 151 of the Companies Act, the Directors are required to prepare Financial Statements for each financial year, which should give a true and fair view of the state of affairs of the Company as at the reporting date and its profit or loss 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 are also required to ensure that 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 and the Rules of the Colombo Stock Exchange and consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards, the Companies Act, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 directions and guidelines issued under the Finance Business Act No. 42 of 2011 and the Listing Rules of the Colombo Stock Exchange.

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.

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 are of the view that these Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) as laid down by the Institute of Chartered Accountants of Sri Lanka.

Further, the Directors endeavour to ensure that the Company maintains sufficient records to be able to disclose, with reasonable accuracy, the financial position of the Company and to be able to ensure that the Financial Statements of the Company meet with the requirements of the Companies Act, Sri Lanka Accounting Standards, the Directions issued by the

Monetary Board of the Central Bank of Sri Lanka, Finance Business Act No. 42 of 2011 and the Rules of the Colombo Stock Exchange.

The Directors have taken appropriate steps to ensure that the Company maintain proper books of accounts and the financial reporting system is directly reviewed by the Directors at their regular meetings and also through the Board Audit Committee.

The Board of Directors has also instituted an effective and comprehensive systems of internal control for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the year, which is primarily handled through the Audit Committee and the Integrated Risk Management Committee.

The Directors have a reasonable expectation, that the Company has adequate resources to continue in operational existence for the foreseeable future, and therefore, have continued to adopt the going concern basis in preparing the accounts.

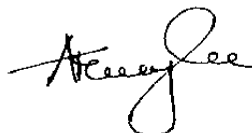
The Financial Statements of the Company have been certified by the Head of Finance of the Company, the officer responsible for their preparation as required by Section 150(1)(b) and they have also been signed by two Directors of the Company as required by Section 150(1)(c) of the Companies Act.

Messrs KPMG Chartered Accountants, the Auditors of the Company, have examined the Financial Statements made available by the Board of Directors together with all relevant financial records, related data, minutes of Shareholders' and Directors' meetings and express their opinion in their Report on pages 141 to 145 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, 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.

By Order of the Board



Hayleys Group Services (Private) Limited
Company Secretaries for
Singer Finance (Lanka) PLC

Colombo
10th May 2022

Independent Auditor's Report



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

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Internet www.kpmg.com/lk

TO THE SHAREHOLDERS OF SINGER FINANCE (LANKA) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Singer Finance (Lanka) PLC (the "Company"), which comprise the statement of financial position as at 31st March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes set out on pages from 146 to 221.

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

Basis for Opinion

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

Key Audit Matters

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

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

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

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

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

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

Independent Auditor's Report



01. Allowances for Expected Credit losses - loans and advances and finance lease receivable

Risk Description

Refer to note 17 to these Financial Statements.

As at 31 March 2022, 87% of its total assets of the Company consisted of loans and advances and finance lease receivables amounting to Rs. 26 Bn. Higher degree of complexity and judgement are involved in estimating Expected Credit loss (ECL) amounting to Rs. 1.51 Bn as at the reporting date.

Allowance for expected credit losses is a key audit matter due to the significance of the loans and receivables and finance lease receivable balances to the financial statements and the inherent complexity of the Company's ECL models used to measure ECL allowances. These models are reliant on data and a number of estimates including the impact of multiple economic scenarios and other assumptions such as defining a significant increase in credit risk (SICR).

SLFRS 9 Financial Instruments requires the Company to measure ECLs on a forward-looking basis reflecting a range of economic conditions. Post-model adjustments are made by the Company to address known ECL model limitations or emerging trends in the loan and lease receivable portfolios. We exercise significant judgement when evaluating the economic scenarios used and the judgmental post model adjustments the Company applies to the ECL results. The Company's criteria selected to identify a SICR are key areas of judgement within the Company's ECL methodology as these criteria determine if a forward-looking 12 month or lifetime allowance is recorded.

The Covid-19 pandemic and current uncertain economic condition has meant that assumptions regarding the economic outlook are more uncertain which, combined with varying government responses, increases the level of judgement required by the company in calculating the ECL, and the associated audit risk.

The disclosures regarding the Company's application of SLFRS 9 are key to explaining the key judgements and material inputs to the SLFRS 9 ECL results.

Our response

Our audit procedures included the following:

- Understanding and assessing the design and implementation and operating effectiveness of management key internal controls over the approval, recording and monitoring of loans and advances and finance lease receivables, and the measurement of provisions for impairment.
- Assessing the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default exposure at default, discount rate, adjustments for forward looking information and other management adjustments and assessing the reasonableness of key management judgement. As part of this work, we assessed the reasonableness of the company's considerations of the current economic uncertainty of the Country.
- Evaluating the model methodology and key assumptions by testing the completeness and accuracy of key inputs into models and assessed the appropriateness of other assumptions. We substantially tested the completeness and accuracy of key inputs into models and assessed the appropriateness of assumptions, particularly in light of extreme volatility in economic scenarios caused by the current economic uncertainty and government responses.
- Recalculating the amount of credit loss allowance for all loans and advances and finance lease receivables to verify the calculation accuracy of the credit loss allowance.
- We have involved our own IT specialist to assess the reasonability of the adjustments made by the Company to the forward looking macro-economic factors and assumptions used in the ECL model.
- We involved our IT specialist to assess the logic and compilation of the overdue information of loans and advances, finance lease receivables and hire purchase receivables.
- Evaluating whether the disclosures on impairment of loans and advances and finance lease receivables meet the disclosure requirements of the prevailing accounting standards.



02. IT systems and controls over financial reporting

Risk Description	Our response
<p>The Company's businesses utilize many complex, interdependent Information Technology (IT) systems to process and record a high volume of transactions. Controls over access and changes to IT systems are critical to the recording of financial information and the preparation of financial statements which provides a true and fair view of the Company's financial position and performance.</p> <p>The IT systems and controls, as they impact the recording and reporting of financial transactions, is a key audit matter as our audit approach could significantly differ depending on the effective operation of the Company's IT controls.</p>	<p>We worked with Our IT specialists to perform audit procedures to test the technology control environment for key IT applications (systems) used in processing significant transactions and recording balances in the general ledger. We also tested automated controls embedded within these systems which link the technology-enabled business processes</p> <p>Our further audit procedures included:</p> <ul style="list-style-type: none"> ■ Assessing the design, implementation, and operating effectiveness of key internal controls over the continued integrity of all major IT systems fundamental to dealing with the financial data, particularly financial reporting. ■ Examining the framework of governance over the Company's IT organization and the controls over program development and changes, access to programs and data and IT operations, including compensating controls when required. ■ Evaluating the design, implementation and operating effectiveness of the significant accounts related to IT process controls by assessing the operating effectiveness of IT application controls by assessing the operating effectiveness of certain automated controls and system calculations which are relevant to the company's compliance activities and assessing the consistency of data transmission and data migration. ■ Assessing the availability and stability of key operating systems, taking into consideration the rapid development of business types and transactions volumes as well as IT projects that have a significant impact on business continuity ■ On sample basis, testing the access rights given to staff by checking them to approved records and inspecting the reports over the granting and removal of access rights. ■ Testing preventative controls designed to enforce segregation of duties between users within particular systems.

Independent Auditor's Report



Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the Financial Statements and our Auditor's Report thereon.

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

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

When we read the annual report, if we conclude that there is a material misstatement there in, we are required to communicate the matter to those charged with governance. 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion of the financial statements.

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



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

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

Report on Other Legal and Regulatory Requirements

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

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

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
10th May 2022

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31st March		2022	2021
	Note	Rs.	Rs.
Gross Income	5	5,486,505,056	4,713,703,792
Interest Income	6.1	5,113,432,730	4,428,484,685
Interest Expense	6.2	(1,946,514,213)	(1,920,500,382)
Net Interest Income	6	3,166,918,517	2,507,984,303
Fee and Commission Income	7	293,029,227	236,665,395
Other Operating Income	8	80,043,099	48,553,712
Total Operating Income		3,539,990,843	2,793,203,410
Impairment charges for Receivables and Other Losses	9	(412,726,480)	(482,546,340)
Net Operating Income		3,127,264,363	2,310,657,070
Expenses			
Personnel Expenses	10.1	(847,223,030)	(715,807,091)
Depreciation and Amortization		(188,692,951)	(155,009,985)
Other Operating Expenses		(845,109,149)	(625,352,454)
Operating Profit Before VAT, NBT and DRL on Financial Services	10	1,246,239,233	814,487,540
Value Added Tax (VAT), Nation Building Tax (NBT) and Debt Repayment Levy (DRL) on Financial Services	11	(287,570,371)	(212,687,011)
Profit Before Income Tax		958,668,862	601,800,529
Income Tax Expense	12	(337,528,693)	(191,673,605)
Profit for the Year		621,140,169	410,126,924
Other Comprehensive Income			
Items that will never be Classified to Profit or Loss			
Actuarial Loss on Defined Benefit Plan	31.1	(4,345,715)	(1,104,981)
Deferred tax on Actuarial Loss	30.1	1,042,972	265,195
Total Other Comprehensive Expenses for the Year, Net of Tax		(3,302,743)	(839,786)
Total Comprehensive Income for the Year		617,837,426	409,287,138
Earnings per Share	13	3.07	2.03

The Notes on pages 150 through 221 form an integral part of these Financial Statements.

Figures in the brackets indicate deductions.

Statement of Financial Position

As At 31st March		2022	2021
	Note	Rs.	Rs.
ASSETS			
Cash and Cash Equivalents	15.1	837,561,672	1,020,922,167
Placements with Banks	16	177,449,769	60,934,823
Financial Assets at Amortised Cost-Hire Purchase Receivables	17.1	-	-
Financial Assets at Amortised Cost-Finance Lease Receivables	17.2	12,954,049,012	13,719,773,282
Financial Assets at Amortised Cost-Loans and Advances	17.3	13,395,954,913	7,370,770,718
Financial Assets Measured at Fair Value Through Other Comprehensive Income	18	41,300	41,300
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	19	1,412,979,204	813,262,058
Due From Related Companies	28.1	-	418,491,945
Other Debtors and Prepayments	20	246,508,160	260,804,066
Deferred Tax Assets	30	78,674,774	5,206,643
Intangible Assets	21	69,458,537	44,414,164
Property, Plant and Equipment	22	444,452,810	372,601,527
Right-Of-Use Assets	23	645,886,780	583,988,544
Total Assets		30,263,016,931	24,671,211,237
LIABILITIES and EQUITY			
Liabilities			
Financial Liabilities at Amortised Cost-Due to Customers	24	12,295,390,991	10,643,164,211
Financial Liabilities at Amortised Cost-Interest Bearing Loans and Borrowings	25	10,777,765,760	7,470,667,885
Lease Liabilities	26	721,891,259	615,277,570
Trade and Other Payables	27	659,116,059	586,524,420
Due to Related Companies	28.2	72,460,820	455,906,159
Bank Overdrafts	15.2	599,908,934	301,734,383
Current Tax Liabilities	29	260,377,907	196,222,480
Retirement Benefit Obligations	31	101,457,552	83,244,646
Total Liabilities		25,488,369,282	20,352,741,754
Equity			
Stated Capital	32	1,996,444,457	1,996,444,457
Statutory Reserves	33	234,111,556	203,054,547
Retained Earnings		2,544,091,636	2,118,970,479
Total Equity		4,774,647,649	4,318,469,483
Total Liabilities and Equity		30,263,016,931	24,671,211,237
Net Assets Per share			
		23.63	21.37
Commitments and Contingencies	37	16,370,000	19,760,000

The Notes on pages 150 through 221 form an integral part of these Financial Statements.

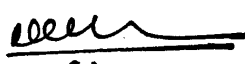
I certify that the financial statements of the Company comply with the requirements of the companies Act 07 of 2007.



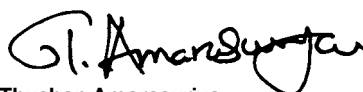
Eray Fernando
Chief Financial Officer

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

Signed for on behalf of the board,



Aravinda Perera
Chairman



Thushan Amarasinga
Director/Chief Executive Officer

Colombo.
10th May 2022

Statement of Changes in Equity

	Note	Attributable to Equity Holders of the Company			
		Stated Capital	Reserve Fund	Retained Earnings	Total
		Rs.	Rs.	Rs.	Rs.
Balance as at 31st March 2020	32, 33	1,996,444,457	182,548,200	1,730,189,688	3,909,182,345
Total Comprehensive Income For The Year					
Profit for the Year		-	-	410,126,924	410,126,924
Other Comprehensive Income		-	-	(839,786)	(839,786)
Total Comprehensive Income for the Year		-	-	409,287,138	409,287,138
Transactions with Owners, Recognized Directly in Equity					
Distribution to Owners of the Company					
Transferred to/(from) during the year	33	-	20,506,347	(20,506,347)	-
Total Transactions with Equity Owners		-	20,506,347	(20,506,347)	-
Balance as at 31st March 2021		1,996,444,457	203,054,547	2,118,970,479	4,318,469,483
Total Comprehensive Income for the year					
Profit for the Year		-	-	621,140,169	621,140,169
Other Comprehensive Income		-	-	(3,302,743)	(3,302,743)
Total Comprehensive Income for the Year		-	-	617,837,426	617,837,426
Transactions with Owners, Recognized Directly in Equity					
Distribution to Owners of the Company					
Transferred to/(from) during the year	33	-	31,057,009	(31,057,009)	-
Dividends		-	-	(161,659,260)	(161,659,260)
Total Transactions with Equity Owners		-	31,057,009	(192,716,269)	(161,659,260)
Balance as at 31st March 2022		1,996,444,457	234,111,556	2,544,091,636	4,774,647,649

The Notes on pages 150 through 221 form an integral part of these Financial Statements.

Cash Flow Statement

For the Year Ended 31st March		2022	2021
	Note	Rs.	Rs.
Cash Flows From Operating Activities			
Profit Before Tax		958,668,862	601,800,529
Adjustments For			
Non-Cash Items Included In Profit Before Income Tax			
Interest Income From Investing Activities		(89,445,593)	(47,131,557)
Interest Income From Placements With Banks		(21,095,163)	(31,677,129)
Finance Cost		1,883,006,971	1,854,139,515
Depreciation/Amortisation		188,692,951	155,009,985
Retirement Benefit Obligation	31.1	18,977,876	17,964,293
Allowances for Impairment Charges for Loans and Other Losses	9	412,726,480	482,546,340
Loss on Disposals of Property, Plant and Equipment		2,892,149	1,049,210
Securitization Loan Issue Cost		33,341,992	42,530,198
Debtenture Issue Cost		4,544,511	2,818,082
Operating Profit Before Changes in Operating Assets And Liabilities		3,392,311,036	3,079,049,466
Changes in;			
Decrease in Lease Rentals Receivables		542,655,864	937,024,126
(Increase)/Decrease in Hire Debtors		(144,799)	4,683,028
Increase in Loans and Advances		(6,214,697,469)	(2,357,231,268)
(Increase)/Decrease in Other Debtors And Prepayments		14,295,906	(943,410)
(Increase)/Decrease in Due From Related Companies		418,491,945	(233,142,823)
Increase in Public Deposits		1,603,947,721	3,473,320,511
Increase/(Decrease) In Amounts Due To Related Companies		(383,445,339)	451,393,983
Increase in Trade and Other Payables		71,581,288	118,980,965
Cash Flows from/ (Used in) Operations		(555,003,847)	5,473,134,578
Finance Costs Paid		(1,447,569,858)	(1,633,097,410)
Retiring Gratuity Paid	31	(5,110,685)	(9,049,185)
Income Tax Paid	29	(345,798,425)	(194,802,453)
Net Cash Generated from/ (Used in) Operating Activities		(2,353,482,815)	3,636,185,530
Cash Flows from/ (Used in) Investing Activities			
Acquisition of Property Plant and Equipment	22.4	(156,584,280)	(115,429,951)
Proceeds From Disposals of Property, Plant and Equipment		-	2,076,856
Incurred on Software Development	21.1	(34,197,090)	(8,663,385)
Net Change in Investment Securities		(597,387,622)	(19,894,477)
Net Change in Bank Deposits		(115,671,228)	39,505,475
Interest Income Received		107,367,512	76,283,712
Net Cash Flows From/ (Used in) Investing Activities		(796,472,708)	(26,121,770)
Cash Flows From/ (Used in) Financing Activities			
Issue of Debtenture	25.1.1	2,000,000,000	1,008,000,000
Proceeds from Securitization Loans	25.3	1,500,000,000	3,097,802,676
Loans Obtained During the year from Banks	25.2	4,150,000,000	8,200,000,000
Lease Rentals Paid	26.3	(129,379,102)	(127,957,796)
Repayment of Bank Loans	25.2	(2,469,711,951)	(10,418,242,824)
Repayment of Interest Bearing Loans - Related Party	28.2.1	-	(400,000,000)
Repayment of Debtenture	25.1.1	-	(2,090,700,000)
Repayment of Securitization Loans	25.3	(2,191,244,887)	(1,719,299,999)
Securitization Loan Issue Cost		(30,594,675)	(36,516,161)
Dividends Paid		(160,648,908)	(8,579)
Net Cash Flows From/ (Used in) Financing Activities		2,668,420,477	(2,486,922,683)
Net (decrease)/ increase in Cash And Cash Equivalents		(481,535,046)	1,123,141,077
Cash And Cash Equivalents At The beginning of the year		719,187,784	(403,953,293)
Cash And Cash Equivalents At The end of the year	15	237,652,738	719,187,784

The Notes on pages 150 through 221 form an integral part of these Financial Statements.

Figures in the brackets indicate deductions.

Notes to the Financial Statements

1. Corporate Information

1.1. Reporting Entity

1.1.1. General

Singer Finance (Lanka) PLC ("Company"), a Licenced 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 2022 was 818 (701 as at 31st March 2021).

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 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 10th May 2022

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 Other Comprehensive Income.
- Liability for Defined Benefit Obligations is recognised as the present value of the defined benefit obligation.

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 35 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 and COVID - 19 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. Refer note 40 of the annual report.

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 22 - Useful life of Property, Plant and Equipment
 Note 3.1 - Impairment of Non-Financial Assets
 Note 31 - Employee Benefit
 Note 30 - Deferred Taxation

Notes to the Financial Statements

Note 37 - Commitments and Contingencies

Note 26 - Determination of Lease Term and Estimating incremental Borrowing Rate.

Estimation uncertainty in preparation of financial statements

The COVID-19 pandemic and current economic condition has increased the estimation uncertainty in the preparation of these Financial Statements. The estimation uncertainty is associated with:

- the extent and duration of the disruption to businesses arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP, employment and inflation). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, impact of unemployment and decline in consumer discretionary spending.
- the effectiveness of government and The Central Bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

2. Changes in Accounting Policies

The Company has consistently applied the Accounting Policies as set out in Notes 3.1 to 37 on pages 152 to 221 to all periods presented in these Financial Statements.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the Financial Statements of the Company, unless otherwise indicated.

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 the Finance Companies Direction No 2 of 2010 "Insurance of Deposit Liabilities" issued on 27th September 2010 all Registered Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme

Regulations No 1 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 1st October 2010.

Deposits to be insured include demand, time and savings deposit liabilities and exclude the following.

- Deposit liabilities to member institutions
- Deposit liabilities to Government of Sri Lanka
- Deposit liabilities to shareholders, directors, key management personnel and other related parties as defined in Finance Companies Act Direction No 3 of 2008 on Corporate Governance of Registered Finance Companies
- Deposit liabilities held as collateral against any accommodation granted
- Deposit liabilities falling within the meaning of dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to Central Bank of Sri Lanka

Registered Finance Companies are required to pay a premium of 0.15% p.a. on eligible deposit liabilities as at end of the month to be payable within a period of 15 days from the end of the respective month.

3.5 Debt Securities Issued and Subordinated Term Debts

These represent the funds borrowed by the Company for long-term funding requirements. Subsequent to initial recognition debt securities issued are measured at their amortised cost using the effective interest method, except where the Company designates debt securities issued at fair value through profit or loss. Interest paid / payable is recognised in profit or loss.

3.6 Crop Insurance Levy (CIL)

As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from April 1, 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% p.a. of the profit after tax.

3.7 Withholding Tax on Dividends Distributed by the Company

Withholding tax that arises from the distribution of dividends by the Company is recognised at the time the liability to pay the related dividend is recognised.

3.8 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "Indirect Method" of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard LKAS - 07 "Cash Flow Statements". Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalent include cash in hand and favourable and/ or unfavourable balances with banks.

4. New Accounting Standards Issued But Not Yet Effective

4.1 Amendments to Existing Accounting Standards issued but not yet effective

Several amendments to Accounting Standards are effective for annual financial periods beginning on or after 1st January 2021, and earlier application is permitted. However, the Company has not early adopted the following amendments to Accounting Standards in preparing these Financial Statements as they are not expected to have a significant impact on the Company's Financial Statements.

- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to LKAS 12)
- Covid 19 - related rent concessions beyond 30 June 2021 (Amendment to SFLRS 16)
- Disclosure of accounting policies (Amendments to LKAS 1)
- Definition of accounting estimates (Amendments to LKAS 8)

4.1.1 Onerous contracts – Cost of Fulfilling a Contract (Amendments to LKAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1st January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The Company does not anticipate this amended to have a significant impact.

Notes to the Financial Statements

4.1.2 Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16)

This amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment applies to annual reporting periods beginning on or after 1st January 2022.

4.1.3 Classification of Liabilities as Current or Non-current (Amendments to LKAS 1)

The amendments in Classification of Liabilities as Current or Noncurrent (Amendments to LKAS 1) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those item.

The Key amendments are as follows:

- the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The standard also clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendment applies to annual reporting periods beginning on or after 1st January 2023.

4.1.4 Annual Improvements to SLFRS 2018–2020

As part of its process to make non-urgent but necessary amendments to accounting Standards, the IASB International Accounting Standards Board (the Board) has issued the Annual Improvements to IFRS Standards 2018–2020. The amendments are effective for annual reporting periods beginning on or after 1st January 2022. Key Aspects covered is as follow:

- I. SLFRS 1 First-time Adoption of International Financial Reporting Standards - This amendment simplifies the application of SLFRS 1 for a subsidiary that becomes a first-time adopter of SLFRS Standards later than its parent
- II. SLFRS 9 Financial Instruments - This amendment clarifies that – for the purpose of performing the 10 per cent test’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.
- III. SLFRS 16 Leases, the amendment removes the illustration of payments from the lessor relating to leasehold improvements.
- IV. LKAS 41 Agriculture, this amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in LKAS 41 with those in SLFRS 13 Fair Value Measurement.

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		2022	2021
		Rs.	Rs.
5.1 Summary			
Gross Income		5,486,505,056	4,713,703,792
5.2 Analysis of Gross Income			
Interest Income (Note 6.1)		5,113,432,730	4,428,484,685
Fee and Commission Income (Note 7)		293,029,227	236,665,395
Other Operating Income (Note 8)		80,043,099	48,553,712
		5,486,505,056	4,713,703,792

6 Net Interest Income

Accounting Policy

Interest income and expense are recognised in profit or loss using the Effective Interest Rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the EIR, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the Income Statement include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated using EIR method;
- Over Due Interest which have been accounted for on a cash received basis;

For the Year Ended 31st March		2022	2021
		Rs.	Rs.
Interest Income (Refer Note 6.1)		5,113,432,730	4,428,484,685
Less : Interest Expense (Refer Note 6.2)		(1,946,514,213)	(1,920,500,382)
Net Interest Income		3,166,918,517	2,507,984,303

Notes to the Financial Statements

For the Year Ended 31st March		2022	2021
		Rs.	Rs.
6.1	Interest Income		
	Interest Income on Hire Purchase Receivables	145,665	293,847
	Interest Income on Lease Receivables	2,796,654,827	2,975,615,119
	Interest Income on Loans and Advances	1,648,697,800	1,092,707,773
	Interest Income on Financial Instruments at amortised cost	89,445,593	47,131,557
	Interest Income on Placements with Banks	21,095,163	31,677,129
	Interest Income on Inter Company Receivables	28,076,861	38,105,630
	Interest Income on Over Due Rentals	529,316,821	242,953,630
		5,113,432,730	4,428,484,685
6.2	Interest Expense		
	Interest on Other Financial Liabilities Due to Customers	956,521,556	811,368,763
	Interest on Bank Loans	211,895,518	305,709,600
	Interest on Lease Liabilities - SLFRS 16	76,395,171	70,673,269
	Interest on Inter Company Payables	15,831,814	21,012,587
	Interest on Debentures	298,536,331	150,965,024
	Interest on Securitization Loans	377,544,898	536,950,442
	Interest on Bank Overdrafts	9,788,925	23,820,697
		1,946,514,213	1,920,500,382

7 Fee and Commission Income

Accounting Policy

Fees and commission income and expense that are integral to the EIR on a financial asset or liability are included in the measurement of the EIR. Other fees and commission income are recognised as the related services are performed.

For the Year Ended 31st March		2022	2021
		Rs.	Rs.
	Service Charge Income	187,320,441	130,989,332
	Commission Income	4,656,620	2,601,827
	Insurance Commission Income	96,703,989	92,260,212
	Suraksha Income	4,174,162	10,960,718
	Other Credit and Debit Card Related Income/ (Expense)	174,015	(146,694)
		293,029,227	236,665,395
8	Other Operating Income		
	Income from Foreign Exchange Operations	133,398	21,510
	Gain on Translation of Foreign Currencies	30,094,200	3,664,547
	Unwinding Interest Income on Employee Loans	18,931,763	5,245,937
	Loss on disposal of Property, Plant and Equipment	(2,892,149)	(1,049,210)
	Loan Loss Recoveries	16,965,849	18,687,245
	Credit Income	2,030,200	2,212,794
	Income/ (Expense) on Closure	436,719	(80,175)
	Other Income	14,343,119	19,851,064
		80,043,099	48,553,712

9 Impairment Charge for Receivables and Other Losses

Accounting Policy

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 receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

The key inputs used for measurement of ECL is likely to be the term structures of the following variables:

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 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.

The mechanics of the ECL method are summarised below:

- Stage 1 :** The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
- Stage 2 :** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3 :** For loans considered credit-impaired the Company recognises the lifetime expected credit losses. The method is similar to that of Stage 2 assets, with the PD set at 100%.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Significant increase in credit risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Company's historical experience and expert credit assessment and including forward looking information

The Company considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 60 days past due.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 180 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position.

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;

Notes to the Financial Statements

- where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI.-no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Collateral Repossessed

The Company's policy is to sell the repossessed assets at the earliest possible opportunity. Such collateral repossessed are held on a memorandum basis without de recognising the underlying receivable.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

For the Year Ended 31st March	2022	2021
	Rs.	Rs.
Impairment Charges / (Reversals) on Hire Purchase Receivables (Note 17.1.2)	144,799	(773,481)
Impairment Charges on Lease Receivables (Note 17.2.4)	223,068,407	301,859,732
Impairment Charges on Loans and Advances (Note 17.3.4)	189,513,274	181,460,089
	412,726,480	482,546,340

10 Profit from ordinary activities before VAT, NBT and DRL on Financial Services and Tax stated after charging all expenses including the following:

For the Year Ended 31st March	2022	2021
	Rs.	Rs.
Auditors' Remuneration - Statutory Audit	1,290,000	1,150,000
- Audit Related Services	969,084	790,000
- Non-Audit Services	1,531,650	855,935
Amortization of Intangible Assets	9,152,717	6,525,808
Depreciation of Property, Plant and Equipment	81,840,849	67,422,807
Depreciation of Right-Of-Use Assets	97,699,385	81,061,368
Legal Expenses	6,510,000	3,800,000
Personnel Expenses (Note 10.1)	847,223,030	715,807,091
Operating Lease Rentals	12,382,538	20,693,161
Deposit Insurance Expense	17,063,897	10,920,950

10.1 Personnel Expenses

Accounting Policy

Personal Expenses includes salaries and bonus, terminal benefits expenses and other employee related expenses.

The provision for bonus is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimates can be made on the amount of the obligation

For the Year Ended 31st March	2022	2021
	Rs.	Rs.
Salaries and Other Staff Related Expenses	734,612,230	631,758,978
Directors' Remuneration	22,855,367	18,045,508
Defined Benefit Plan Costs -Retiring Gratuity (Note 31.1)	18,977,876	17,964,293
Defined Contribution Plan Costs - MSPS and ETF	70,777,557	48,038,312
	847,223,030	715,807,091

11 Value Added Tax (VAT), Nation Building Tax (NBT) and Debt Repayments Levy (DRL) on Financial Services

Accounting Policy

Tax on Financial Services include Tax on Financial Services, Nation Building Tax on Financial Services and Debt Repayment Levy.

Value Added Tax on Financial Services (VAT)

The value base for the computation of value added tax on financial services is calculated by adjusting the depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before Income Tax and emoluments payable. Emoluments payable include cash benefits, non-cash benefits and provisions relating to terminal benefits

With effect from January 01, 2022, VAT on financial services has been increased from 15% to 18% via an amendment to the VAT Act No. 14 of 2002

Nation Building Tax on Financial Services (NBT)

With effect from January 01, 2014, NBT of 2% was introduced on supply of financial services via an amendment to the NBT Act No. 09 of 2009. NBT was chargeable on the same base used for calculation of VAT on Financial Services as explained in notes to the Financial Statements

As per notice published by the Department of Inland Revenue dated January 20, 2020, NBT was abolished with effect from December 01, 2019

Debt Repayment Leavy (DRL)

As per the Finance Act No. 35 of 2018, with effect from October 1, 2018, DRL of 7% was introduced on the value addition attributable to the supply of financial services by each financial institution. DRL was chargeable on the same base used for calculation of VAT on Financial Services

As per notice published by the Department of Inland Revenue dated January 20, 2020, DRL was abolished with effect from January 01, 2020

Notes to the Financial Statements

<i>For the Year Ended 31st March</i>	2022	2021
	Rs.	Rs.
Value Added Tax (VAT)	287,570,371	208,193,126
Nation Building Tax (NBT)	-	1,219,717
Debt Repayment Levy (DRL)	-	3,274,168
	287,570,371	212,687,011

12 Income Tax Expense

Accounting Policy

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement, except to the extent it relates to items recognised directly in Equity or in OCI

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets

Current Taxation

'Current tax' comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted, at the Reporting date.

Accordingly, provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

Notes to Financial Statements include the major components of tax expense, the effective tax rates and a reconciliation between the profit before tax and tax expense, as required by the Sri Lanka Accounting Standard – LKAS 12 on 'Income Taxes'.

The Company estimates and provides for potential losses and settlements that arise out of uncertain income tax positions to the extent that such losses are probable and can be estimated.

Deferred Taxation

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

<i>For the Year Ended 31st March</i>	2022	2021
	Rs.	Rs.
Current Income Tax Expense (Note 12.2)	409,953,852	273,979,408
Deferred Tax Reversal (Note 30.1)	(72,425,159)	(82,305,803)
Income Tax Charge for The Year (Note 12.1)	337,528,693	191,673,605

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,

<i>For the Year Ended 31st March</i>	2022	2021
	Rs.	Rs.
Accounting Profit Before tax	958,668,862	601,800,529
Tax expenses as per accounting profit (24%)	230,080,527	144,432,127
Adjustments		
Tax effect of Capital Portion of lease rentals	33,795,245	70,948,617
Tax effect of Disallowed Expenses	242,514,322	227,102,720
Tax effect of Deductible Expenses	(96,469,842)	(168,548,856)
Tax on dividend	33,600	44,800
Tax on business Profit (based on taxable profit)	409,953,852	273,979,408
Deferred Tax Reversal (Note 30.1)	(72,425,159)	(82,305,803)
Income tax expenses reported in the statement of comprehensive income at the effective tax rate	337,528,693	191,673,605

12.2 A Reconciliation between Tax Expense and the Accounting Profit based on the Statutory Tax Rate

<i>For the Year Ended 31st March 2022</i>	Leasing Business	Other Business	Total
	Rs.	Rs.	Rs.
Accounting profit before tax	569,624,783	389,044,079	958,668,862
Adjustments			
Disallowable expenses	1,015,944,875	442,789,389	1,458,734,264
Allowable expenses	(483,330,194)	(225,831,884)	(709,162,078)
Total statutory income	1,102,239,464	606,001,584	1,708,241,048
Less : Qualifying Payments	-	-	-
Taxable income	1,102,239,464	606,001,584	1,708,241,048
Less : Profits From Dividend	-	240,000	240,000
Balance Taxable Income	1,102,239,464	605,761,584	1,708,001,048
Income tax rate (%)			
For Profits From Dividend	-	14	14
For Balance Taxable Income	24	24	24
Tax on Profits From Dividend	-	33,600	33,600
Tax on Balance Taxable Income	264,537,472	145,382,780	409,920,252
Effective tax rate (%)	46.44	37.38	42.76
Income tax (Note 12)	264,537,472	145,416,380	409,953,852

Notes to the Financial Statements

For the Year Ended 31st March 2021	Leasing Business	Other Business	Total
	Rs.	Rs.	Rs.
Accounting profit before tax	387,525,975	214,274,554	601,800,529
Adjustments			
Disallowable expenses	2,662,074,741	327,990,456	2,990,065,197
Allowable expenses	(2,319,181,885)	(130,969,642)	(2,450,151,527)
Total statutory income	730,418,831	411,295,368	1,141,714,199
Less : Qualifying Payments	-	-	-
Total Taxable income	730,418,831	411,295,368	1,141,714,199
Less : Profits From Dividend	-	320,000	320,000
Balance Taxable Income	730,418,831	410,975,368	1,141,394,199
Income tax rate (%)			
For Profits From Dividend	-	14	14
For Balance Taxable Income	24	24	24
Tax on Profits From Dividend	-	44,800	44,800
Tax on Balance Taxable Income	175,300,519	98,634,089	273,934,608
Effective tax rate (%)	45.24	46.05	45.53
Income tax (Note 12)	175,300,519	98,678,889	273,979,408

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	2022	2021
	Rs.	Rs.
Amount Used as the Numerator		
Profit Attributable to Equity Holders of the Company (Rs.)	621,140,169	410,126,924
Amount Used as the Denominator		
Weighted Average number of Ordinary Shares in issue (Note 13.1)	202,074,075	202,074,075
Basic Earnings per Share (Rs.)	3.07	2.03
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 2022 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.

Notes to the Financial Statements

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. in particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

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 fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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 recognized 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.

Notes to the Financial Statements

Modifications of Financial Assets and Liabilities

Financial Assets

If the terms of the financial assets are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different then the contractual right to cash flows from the original financial assets are deemed to have expired. In this case, the original financial asset is derecognized and new financial asset is recognized at fair value plus any eligible transaction cost. Any fees received as a part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction cost are included in the initial measurement of the assets; and
- other fees are included in profit or loss as part of the gain or the loss on derecognition.

If the cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts result of the qualitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the result in adjustment as a modification gain or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any cost or fee incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining terms of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower then the gain or the loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

During the year, the Company has granted moratorium facilities to some customers as per the guidance of the Central Bank of Sri Lanka. Accordingly, the respective financial assets have been assessed for contract modification to incorporate the changes to the repayment terms of the moratorium customers.

There were no contracts modification during the financial year. Nevertheless, the Company modified contracts of an outstanding of Rs. 254 Mn due to the impact of granting moratorium facilities to customers during the financial year of 2020/2021. However, the Company didn't record a day one loss, as the net off balance between the interest income recognition and the day one loss is not material to the financial statements. 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 2022		Amortised Cost	Fair value through OCI	Other Financial Liabilities	Total	Fair Value	Fair Value Measurement
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Level
Financial Assets							
Cash and Cash Equivalents	15.1	837,561,672	-	-	837,561,672	-	-
Placements with Banks	16	177,449,769	-	-	177,449,769	-	-
Financial assets at amortised cost-Hire Purchase Receivables	17.1	-	-	-	-	-	-
Financial assets at amortised cost-Finance Lease Receivables	17.2	12,954,049,012	-	-	12,954,049,012	-	-
Financial assets at amortised cost-Loans and Advances	17.3	13,395,954,913	-	-	13,395,954,913	-	-
Financial assets measured at fair value through other comprehensive income	18	-	41,300	-	41,300	41,300	Level 3
Financial assets at amortised cost-Debt and other financial instruments	19	1,412,979,204	-	-	1,412,979,204	1,412,414,315	Level 2
Loans to employees	20.1	84,087,916	-	-	84,087,916	-	-
Due From Related Companies	28.1	-	-	-	-	-	-
Total Financial Assets		28,862,082,486	41,300	-	28,862,123,786	1,412,455,615	-

Notes to the Financial Statements

As at 31st March 2022		Amortised Cost	Fair value through OCI	Other Financial Liabilities	Total	Fair Value	Fair Value Measurement
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Level
Financial Liabilities							
Other Financial Liabilities							
Due to Customers	24	-	-	12,295,390,991	12,295,390,991	-	-
Debentures	25.1	-	-	3,271,853,635	3,271,853,635	-	-
Bank Loans	25.2	-	-	4,233,054,765	4,233,054,765	-	-
Securitization Loans	25.3	-	-	3,272,857,361	3,272,857,361	-	-
Due to Related Companies	28.2	-	-	72,460,820	72,460,820	-	-
Lease Liabilities	26	-	-	721,891,259	721,891,259	-	-
Bank Overdrafts	15.2	-	-	599,908,934	599,908,934	-	-
Trade Payables	27	-	-	153,563,255	153,563,255	-	-
Total Financial Liabilities		-	-	24,620,981,020	24,620,981,020	-	-

As at 31st March 2021		Amortised Cost	Fair value through OCI	Other Financial Liabilities	Total	Fair Value	Fair Value Measurement
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Level
Financial Assets							
Cash and Cash Equivalents	15.1	1,020,922,167	-	-	1,020,922,167	-	-
Placements with Banks	16	60,934,823	-	-	60,934,823	-	-
Financial assets at amortised cost-Hire Purchase Receivables	17.1	-	-	-	-	-	-
Financial assets at amortised cost-Finance Lease Receivables	17.2	13,719,773,282	-	-	13,719,773,282	-	-
Financial assets at amortised cost-Loans and Advances	17.3	7,370,770,718	-	-	7,370,770,718	-	-
Financial assets measured at fair value through other comprehensive income	18	-	41,300	-	41,300	41,300	Level 3
Financial assets at amortised cost-Debt and other financial instruments	19	813,262,058	-	-	813,262,058	812,439,300	Level 2
Loans to employees	20.1	94,711,631	-	-	94,711,631	-	-
Due From Related Companies	28.1	418,491,945	-	-	418,491,945	-	-
Total Financial Assets		23,498,866,624	41,300	-	23,498,907,924	812,480,600	-

Financial Liabilities							
Financial Liabilities at Amortised Cost-Due to Customers	24	-	-	10,643,164,211	10,643,164,211	-	-
Debentures	25.1	-	-	1,106,774,683	1,106,774,683	-	-
Bank Loans	25.2	-	-	2,542,941,963	2,542,941,963	-	-
Securitization Loans	25.3	-	-	3,820,951,239	3,820,951,239	-	-
Due to Related Companies	28.2	-	-	455,906,159	455,906,159	-	-
Lease Liabilities	26	-	-	615,277,570	615,277,570	-	-
Bank Overdrafts	15.2	-	-	301,734,383	301,734,383	-	-
Trade Payables	27	-	-	167,502,086	167,502,086	-	-
Total Financial Liabilities		-	-	19,654,252,294	19,654,252,294	-	-

Amortized cost for Hire Purchase receivables , Lease receivables , Loans and Advances and Liabilities is computed using market interest rate. Therefore amortized cost is a reasonable approximation to its Fair value. The Company has used market yield rates published by Central Bank for the fair value computation of Financial assets at amortised cost-Debt and other financial instruments.

Cost is assumed to be the best approximation for the fair value of unquoted equity shares (Financial Assets measured of fair value through other comprehensive income) due to the absence of most recent exist prices.

14.2 Fair value measurement

Accounting Policy

‘Fair Value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or , in its absence , the most advantageous market to which the Company as access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of the instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transaction for the asset or liability taken place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price .

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments - e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure - are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

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

14.3 Fair Values of Financial Instruments

Financial Instruments Measured at Fair Value - Fair Value Hierarchy

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.

Notes to the Financial Statements

The following shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

As at 31st March 2022		Level 1	Level 2	Level 3	Total
	Note	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value through other comprehensive income	18	-	-	41,300	41,300
		-	-	41,300	41,300

As at 31 March 2021

Financial assets measured at fair value through other comprehensive income	18	-	-	41,300	41,300
		-	-	41,300	41,300

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 2022		Carrying Value	Fair Value	Level 1	Level 2	Level 3
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets						
Cash and Cash Equivalents	15.1	837,561,672	837,561,672	-	-	-
Placements with Banks	16	177,449,769	177,449,769	-	-	-
Financial assets at amortised cost-Hire Purchase Receivables	17.1	-	-	-	-	-
Financial assets at amortised cost-Finance Lease Receivables	17.2	12,954,049,012	12,954,049,012	-	-	-
Financial assets at amortised cost-Loans and Advances	17.3	13,395,954,913	13,395,954,913	-	-	-
Financial assets at amortised cost-Debt and other financial instruments	19	1,412,979,204	1,412,414,315	-	1,412,414,315	-
Loans to employees	20.1	84,087,916	84,087,916	-	-	-
Due From Related Companies	28.1	-	-	-	-	-
		28,862,082,486	28,861,517,597	-	1,412,414,315	-
Financial Liabilities						
Financial liabilities at amortised cost-Due to Customers	24	12,295,390,991	12,295,390,991	-	12,295,390,991	-
Debentures	25.1	3,271,853,635	3,271,853,635	-	3,271,853,635	-
Bank Loans	25.2	4,233,054,765	4,233,054,765	-	4,233,054,765	-
Securitization Loans	25.3	3,272,857,361	3,272,857,361	-	3,272,857,361	-
Due to Related Companies	28.2	72,460,820	72,460,820	-	-	-
Lease Liabilities	26	721,891,259	721,891,259	-	-	-
Bank Overdrafts	15.2	599,908,934	599,908,934	-	-	-
Trade Payables	27	153,563,255	153,563,255	-	-	-
		24,620,981,020	24,620,981,020	-	23,073,156,752	-

As at 31st March 2021		Carrying Value	Fair Value	Fair Value Level 1	Level 2	Level 3
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets						
Cash and Cash Equivalents	15.1	1,020,922,167	1,020,922,167	-	-	-
Placements with Banks	16	60,934,823	60,934,823	-	-	-
Financial assets at amortised cost-Hire Purchase Receivables	17.1	-	-	-	-	-
Financial assets at amortised cost-Finance Lease Receivables	17.2	13,719,773,282	13,719,773,282	-	-	-
Financial assets at amortised cost-Loans and Advances	17.3	7,370,770,718	7,370,770,718	-	-	-
Financial assets at amortised cost-Debt and other financial instruments	19	813,262,058	812,439,300	-	812,439,300	-
Loans to employees	20.1	94,711,631	94,711,631	-	-	-
Due From Related Companies	28.1	418,491,945	418,491,945	-	-	-
		23,498,866,624	23,498,043,866		812,439,300	
Financial Liabilities						
Financial liabilities at amortised cost-Due to Customers	24	10,643,164,211	10,643,164,211	-	10,643,164,211	-
Debentures	25.1	1,106,774,683	1,106,774,683	-	1,106,774,683	-
Bank Loans	25.2	2,542,941,963	2,542,941,963	-	2,542,941,963	-
Securitization Loans	25.3	3,820,951,239	3,820,951,239	-	3,820,951,239	-
Due to Related Companies	28.2	455,906,159	455,906,159	-	-	-
Lease Liabilities	26	615,277,570	615,277,570	-	-	-
Bank Overdrafts	15.2	301,734,383	301,734,383	-	-	-
Trade Payables	27	167,502,086	167,502,086	-	-	-
		19,654,252,294	19,654,252,294	-	18,113,832,096	-

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.

Notes to the Financial Statements

15.1 Favorable Cash and Cash Equivalent Balances

As at 31st March	2022	2021
	Rs.	Rs.
Cash in hand	124,837,699	96,732,194
Cheques In Hand	50,363,730	70,998,226
Cash at Banks in Local Currency	570,336,066	789,158,095
Cash at Banks in Foreign Currency	92,024,177	64,033,652
	837,561,672	1,020,922,167

15.2 Unfavorable Cash and Cash Equivalent Balances

Bank Overdrafts	(599,908,934)	(301,734,383)
Net Cash and Cash Equivalents for the purpose of Cash Flow Statement	237,652,738	719,187,784

16 Placements with Banks

Investments in Fixed Deposit	177,449,769	60,934,823
	177,449,769	60,934,823

16.1 Investments in Fixed Deposits- Counterparty External Credit Ratings

Counterparty External Credit Rating*		
A+	101,927,928	20,102,466
AA-	-	20,265,753
BBB-	75,521,841	20,566,604
	177,449,769	60,934,823

17 Financial assets at amortised cost - Loans and Receivables from Customers

17.1 Hire Purchase Receivables

Rentals Receivable	3,955,800	4,086,430
Other Charges Receivable	1,548,746	1,491,151
Unearned Interest Income	-	(217,834)
Gross Receivables	5,504,546	5,359,747
Allowance for Impairment on Hire Purchase Receivables (Note 17.1.2)	(5,504,546)	(5,359,747)
Net Receivables	-	-

17.1.1 Hire Purchase Rentals Receivable within One Year from Reporting Date

Rentals Receivable within One Year	3,955,800	4,086,430
Other Charges Receivable within One Year	1,548,746	1,491,151
Unearned Interest Income	-	(217,834)
Gross Receivables within One Year	5,504,546	5,359,747
Gross Receivables	5,504,546	5,359,747

17.1.2 Movement in Allowance for Impairment Losses for Hire Purchase Receivables

Balance as at beginning of the Year	5,359,747	6,448,493
Charge/ (Reversal) for the year	144,799	(773,481)
Written off during the year	-	(315,265)
Balance as at end of the Year	5,504,546	5,359,747

As at 31st March		2022	2021
		Rs.	Rs.
17.2	Finance Lease Receivables		
	Rentals Receivable	17,539,758,820	18,611,215,213
	Other Charges Receivable	142,736,549	142,943,268
	Unearned Interest Income	(3,891,641,551)	(4,409,492,364)
	Gross Receivables	13,790,853,818	14,344,666,117
	Allowance for Impairment on Lease Rentals Receivable (Note 17.2.4)	(836,804,806)	(624,892,835)
	Net Receivables	12,954,049,012	13,719,773,282
17.2.1	Lease Rentals Receivables within One Year from Reporting Date		
	Rentals Receivables within One Year	7,115,386,414	7,273,810,402
	Other Charges Receivables within One Year	142,736,549	142,943,268
	Unearned Interest Income	(2,030,062,577)	(2,070,415,111)
	Gross Receivables within One Year	5,228,060,386	5,346,338,559
17.2.2	Lease Rentals Receivables after One Year but before Five Years from Reporting Date		
	Rentals Receivable after One Year but before Five Years	10,414,208,796	11,320,757,030
	Unearned Interest Income	(1,861,226,564)	(2,338,250,700)
	Gross Receivables after One Year but before Five Years	8,552,982,232	8,982,506,330
17.2.3	Lease Rentals Receivables after Five Years from Reporting Date		
	Rentals Receivable after Five Years	10,163,610	16,647,781
	Unearned Interest Income	(352,410)	(826,553)
	Gross Receivables after Five Years	9,811,200	15,821,228
	Gross Receivables	13,790,853,818	14,344,666,117
17.2.4	Movement in Allowance for Impairment Losses for Lease Rentals Receivable		
	Balance as at beginning of the Year	624,892,835	349,994,250
	Charge for the year	223,068,407	301,859,732
	Written off during the year	(11,156,436)	(26,961,147)
	Balance as at end of the Year	836,804,806	624,892,835
17.3	Loans and Advances		
	Loans and Advances	14,865,254,638	8,503,332,534
	Other Charges Receivable	40,381,000	22,688,730
	Unearned Interest Income	(1,138,170,309)	(774,948,645)
	Receivables on Loans against Fixed Deposits	299,420,157	171,113,979
	Gross Receivables	14,066,885,486	7,922,186,598
	Allowance for Impairment on Loans and Advances (Note 17.3.4)	(670,930,573)	(551,415,880)
	Net Receivables	13,395,954,913	7,370,770,718

Notes to the Financial Statements

As at 31st March		2022	2021
		Rs.	Rs.
17.3.1	Loans and Advances Receivable within One Year from Reporting Date		
	Loans and Advances Receivable within One Year	11,407,153,328	6,103,964,262
	Other Charges Receivable within One Year	40,381,000	22,688,730
	Receivables on Loans against Fixed Deposits	299,420,157	171,113,979
	Unearned Interest Income	(553,663,100)	(377,088,352)
	Gross Receivables	11,193,291,385	5,920,678,619
17.3.2	Loans and Advances Receivable after One Year but before Five Years from Reporting Date		
	Loans and Advances Receivable after One Year but before Five Years	3,449,722,864	2,386,118,143
	Unearned Interest Income	(584,074,860)	(397,407,206)
	Gross Receivables after One Year but before Five Years	2,865,648,004	1,988,710,937
17.3.3	Loans and Advances Receivable after Five Years from Reporting Date		
	Loans and Advances Receivable after Five Years	8,378,446	13,250,129
	Unearned Interest Income	(432,349)	(453,087)
	Gross Receivables after Five Years	7,946,097	12,797,042
	Gross Receivables	14,066,885,486	7,922,186,598
17.3.4	Movement in Allowance for Impairment for Loans and Advances		
	Balance as at beginning of the Year	551,415,880	406,618,644
	Charge for the year	189,513,274	181,460,089
	Written off during the year	(69,998,581)	(36,662,853)
	Balance as at end of the Year	670,930,573	551,415,880
17.4	Allowance for Impairment		
17.4.1	Movement in Allowance for Impairment		
	Balance as at beginning of the Year	1,181,668,462	763,061,387
	Charge for the year	412,726,480	482,546,340
	Written off during the year	(81,155,017)	(63,939,265)
	Balance as at end of the Year	1,513,239,925	1,181,668,462
17.4.2	Allowance for Impairment consist of Provisioning Against		
	Hire Purchase Receivables (Note 17.1.2)	5,504,546	5,359,747
	Lease Receivables (Note 17.2.4)	836,804,806	624,892,835
	Loans and Advances (Note 17.3.4)	670,930,573	551,415,880
		1,513,239,925	1,181,668,462

17.4.3 The table below shows the ECL charges on financial instruments recorded in the statement of profit or loss:

As at 31st March 2022	Individual	Collective	Total
	Rs.	Rs.	Rs.
Financial assets at amortised cost-Hire Purchase Receivables			
Stage 1	-	-	-
Stage 2	-	-	-
Stage 3	224,836	(80,037)	144,799
	224,836	(80,037)	144,799
Financial assets at amortised cost-Finance Lease Receivables			
Stage 1	-	48,053,872	48,053,872
Stage 2	-	49,624,032	49,624,032
Stage 3	126,810,133	(1,419,630)	125,390,503
	126,810,133	96,258,274	223,068,407
Financial assets at amortised cost-Loans and Advances			
Stage 1	-	41,021,452	41,021,452
Stage 2	-	(4,479,668)	(4,479,668)
Stage 3	254,281,502	(101,310,012)	152,971,490
	254,281,502	(64,768,228)	189,513,274
Financial assets at amortised cost -Total			
Stage 1	-	89,075,324	89,075,324
Stage 2	-	45,144,364	45,144,364
Stage 3	381,316,471	(102,809,679)	278,506,792
	381,316,471	31,410,009	412,726,480
As at 31st March 2021	Individual	Collective	Total
	Rs.	Rs.	Rs.
Financial assets at amortised cost-Hire Purchase Receivables			
Stage 1	-	(27,140)	(27,140)
Stage 2	-	(13,068)	(13,068)
Stage 3	40,500	(773,773)	(733,273)
	40,500	(813,981)	(773,481)
Financial assets at amortised cost-Finance Lease Receivables			
Stage 1	-	(6,280,844)	(6,280,844)
Stage 2	-	49,204,391	49,204,391
Stage 3	5,007,191	253,928,994	258,936,185
	5,007,191	296,852,541	301,859,732
Financial assets at amortised cost-Loans and Advances			
Stage 1	-	(1,194,095)	(1,194,095)
Stage 2	-	13,117,083	13,117,083
Stage 3	8,166,888	161,370,213	169,537,101
	8,166,888	173,293,201	181,460,089
Financial assets at amortised cost -Total			
Stage 1	-	(7,502,079)	(7,502,079)
Stage 2	-	62,308,406	62,308,406
Stage 3	13,214,579	414,525,434	427,740,013
	13,214,579	469,331,761	482,546,340

Notes to the Financial Statements

As at 31st March		2022	2021
		Rs.	Rs.
17.4.4 Movement in Impairment during the year			
Stage 1			
Balance as at the beginning of the year		63,814,696	71,316,775
Net impairment charge for the year		89,075,324	(7,502,079)
Balance as at end of the Year		152,890,020	63,814,696
Stage 2			
Balance as at the beginning of the year		182,558,220	120,249,814
Net impairment charge for the year		45,144,364	62,308,406
Balance as at end of the Year		227,702,584	182,558,220
Stage 3			
Balance as at the beginning of the year		935,295,546	571,494,798
Net impairment charge for the year		278,506,792	427,740,013
Written off during the year		(81,155,017)	(63,939,265)
Balance as at end of the Year		1,132,647,321	935,295,546
Total			
Balance as at the beginning of the year		1,181,668,462	763,061,387
Net impairment charge for the year		412,726,480	482,546,340
Written off during the year		(81,155,017)	(63,939,265)
Balance as at end of the Year		1,513,239,925	1,181,668,462
17.4.5 Breakdown of Gross Loans and Provision			
Stage 1			
Net Receivables		22,636,144,734	16,797,573,326
Impairment Allowance		152,890,020	63,814,696
Gross Receivables		22,789,034,754	16,861,388,022
Stage 2			
Net Receivables		2,994,237,119	3,109,227,745
Impairment Allowance		227,702,584	182,558,220
Gross Receivables		3,221,939,703	3,291,785,965
Stage 3			
Net Receivables		719,622,072	1,183,742,929
Impairment Allowance		1,132,647,321	935,295,546
Gross Receivables		1,852,269,393	2,119,038,475
Total			
Net Receivables		26,350,003,925	21,090,544,000
Impairment Allowance		1,513,239,925	1,181,668,462
Gross Receivables		27,863,243,850	22,272,212,462

17.4.6 Provision for Impairment (ECL) movement

The following table shows reconciliation from the opening to closing balance of the provision for impairment:

As at 31st March 2022	Stage 1 12 months ECL	Stage 2 Lifetime ECL not Credit - impaired	Stage 3 Lifetime ECL Credit - impaired	Total
	Rs.	Rs.	Rs.	Rs.
Financial Assets at amortised cost - Total				
Balance as at the beginning of the year	63,814,696	182,558,220	935,295,546	1,181,668,462
Transferred from 12 months ECL	(15,755,714)	7,509,849	8,245,865	-
Transferred from Lifetime ECL not Credit - impaired	24,309,838	(78,133,348)	53,823,510	-
Transferred from Lifetime ECL Credit - impaired	58,044,314	29,923,845	(87,968,159)	-
New Assets Originated	101,992,212	72,671,772	208,139,653	382,803,637
Financial Assets Derecognized	(20,963,072)	(57,301,720)	(231,634,824)	(309,899,616)
Write offs	-	-	(81,155,017)	(81,155,017)
Net remeasurement loss allowance	(58,552,254)	70,473,966	327,900,747	339,822,459
Balance as at end of the Year	152,890,020	227,702,584	1,132,647,321	1,513,239,925
Financial Assets at amortised cost - Hire Purchase Receivables				
Balance as at the beginning of the year	-	-	5,359,747	5,359,747
Transferred from 12 months ECL	-	-	-	-
Transferred from Lifetime ECL not Credit - impaired	-	-	-	-
Transferred from Lifetime ECL Credit - impaired	302	-	(302)	-
New Assets Originated	-	-	-	-
Financial Assets Derecognized	-	-	-	-
Write offs	-	-	-	-
Net remeasurement loss allowance	-	-	144,799	144,799
Balance as at end of the Year	302	-	5,504,244	5,504,546
Financial Assets at amortised cost - Finance Lease Receivables				
Balance as at the beginning of the year	31,820,230	126,456,480	466,616,125	624,892,835
Transferred from 12 months ECL	(6,102,509)	5,112,571	989,938	-
Transferred from Lifetime ECL not Credit - impaired	15,370,988	(39,714,204)	24,343,216	-
Transferred from Lifetime ECL Credit - impaired	33,335,368	26,254,536	(59,589,904)	-
New Assets Originated	43,026,998	46,359,889	70,273,420	159,660,307
Financial Assets Derecognized	(8,177,980)	(44,535,949)	(130,449,817)	(183,163,746)
Write offs	-	-	(11,156,436)	(11,156,436)
Net remeasurement loss allowance	(29,399,295)	56,147,189	219,823,952	246,571,846
Balance as at end of the Year	79,873,800	176,080,512	580,850,494	836,804,806

Notes to the Financial Statements

As at 31st March 2022	Stage 1	Stage 2	Stage 3	
	12 months ECL	Lifetime ECL not Credit - impaired	Lifetime ECL Credit - impaired	Total
	Rs.	Rs.	Rs.	Rs.
Financial Assets at amortised cost - Loans and Advances				
Balance as at the beginning of the year	31,994,466	56,101,740	463,319,674	551,415,880
Transferred from 12 months ECL	(9,653,205)	2,397,278	7,255,927	-
Transferred from Lifetime ECL not Credit - impaired	8,938,850	(38,419,144)	29,480,294	-
Transferred from Lifetime ECL Credit - impaired	24,708,644	3,669,309	(28,377,953)	-
New Assets Originated	58,965,214	26,311,883	137,866,233	223,143,330
Financial Assets Derecognized	(12,785,092)	(12,765,771)	(101,185,007)	(126,735,870)
Write offs	-	-	(69,998,581)	(69,998,581)
Net remeasurement loss allowance	(29,152,959)	14,326,777	107,931,996	93,105,814
Balance as at end of the Year	73,015,918	51,622,072	546,292,583	670,930,573

As at 31st March 2021	Stage 1	Stage 2	Stage 3	
	12 months ECL	Lifetime ECL not Credit - impaired	Lifetime ECL Credit - impaired	Total
	Rs.	Rs.	Rs.	Rs.

Financial Assets at amortised cost - Total				
Balance as at the beginning of the year	71,316,775	120,249,814	571,494,798	763,061,387
Transferred from 12 months ECL	(12,218,052)	5,495,168	6,722,884	-
Transferred from Lifetime ECL not Credit - impaired	7,567,044	(29,532,125)	21,965,081	-
Transferred from Lifetime ECL Credit - impaired	2,767,285	429,424	(3,196,709)	-
New Assets Originated	39,939,687	131,022,891	171,828,168	342,790,746
Financial Assets Derecognized	(32,522,595)	(75,172,124)	(78,636,614)	(186,331,333)
Write offs	-	-	(63,939,265)	(63,939,265)
Net remeasurement loss allowance	(13,035,448)	30,065,172	309,057,203	326,086,927
Balance as at end of the Year	63,814,696	182,558,220	935,295,546	1,181,668,462

Financial Assets at amortised cost - Hire Purchase Receivables				
Balance as at the beginning of the year	27,140	13,068	6,408,285	6,448,493
Transferred from 12 months ECL	(299)	-	299	-
Transferred from Lifetime ECL not Credit - impaired	-	-	-	-
Transferred from Lifetime ECL Credit - impaired	-	-	-	-
New Assets Originated	-	-	-	-
Financial Assets Derecognized	(26,841)	(13,068)	(764,251)	(804,160)
Write offs	-	-	(315,265)	(315,265)
Net remeasurement loss allowance	-	-	30,679	30,679
Balance as at end of the Year	-	-	5,359,747	5,359,747

As at 31st March 2021	Stage 1	Stage 2	Stage 3	
	12 months ECL	Lifetime ECL not Credit - impaired	Lifetime ECL Credit - impaired	Total
	Rs.	Rs.	Rs.	Rs.

**Financial Assets at amortised cost - Finance
Lease Receivables**

Balance as at the beginning of the year	38,137,184	77,286,838	234,570,228	349,994,250
Transferred from 12 months ECL	(5,143,221)	3,108,887	2,034,334	-
Transferred from Lifetime ECL not Credit - impaired	6,411,714	(14,378,930)	7,967,216	-
Transferred from Lifetime ECL Credit - impaired	2,246,932	248,969	(2,495,901)	-
New Assets Originated	18,631,836	101,210,739	131,775,320	251,617,895
Financial Assets Derecognized	(20,562,605)	(58,778,540)	(57,906,744)	(137,247,889)
Write offs	-	-	(26,961,147)	(26,961,147)
Net remeasurement loss allowance	(7,901,610)	17,758,517	177,632,819	187,489,726
Balance as at end of the Year	31,820,230	126,456,480	466,616,125	624,892,835

**Financial Assets at amortised cost - Loans
and Advances**

Balance as at the beginning of the year	33,152,451	42,949,908	330,516,285	406,618,644
Transferred from 12 months ECL	(7,074,532)	2,386,281	4,688,251	-
Transferred from Lifetime ECL not Credit - impaired	1,155,330	(15,153,195)	13,997,865	-
Transferred from Lifetime ECL Credit - impaired	520,353	180,455	(700,808)	-
New Assets Originated	21,307,851	29,812,152	40,052,848	91,172,851
Financial Assets Derecognized	(11,933,149)	(16,380,516)	(19,965,619)	(48,279,284)
Write offs	-	-	(36,662,853)	(36,662,853)
Net remeasurement loss allowance	(5,133,838)	12,306,655	131,393,705	138,566,522
Balance as at end of the Year	31,994,466	56,101,740	463,319,674	551,415,880

Notes to the Financial Statements

17.5 Analysis by Sector

Sector wise analysis of Company's Hire Purchase, Lease Receivable and Loan Portfolio's reflecting the exposure to credit risk in the various sectors of the economy is depicted below:

As at 31st March	2022		2021	
	Rs.	%	Rs.	%
Agriculture	1,685,636,141	6.4	1,448,185,582	6.9
Tourism	187,921,864	0.7	130,679,972	0.6
Transport	13,736,763,047	52.1	12,544,947,913	59.5
Construction	649,492,563	2.5	228,708,539	1.1
Services	4,332,266,314	16.4	2,321,133,292	11.0
Individual	5,757,923,996	21.9	4,416,888,702	20.9
	26,350,003,925	100.0	21,090,544,000	100.0

18 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 2021/2022, and there were no transfer of any cumulative gains or loss within equity relating to hold for the long term for strategic purposes.

As at 31st March	No. of Ordinary Shares	2022	2021
		Fair Value of the Investment	Fair Value of the Investment
		Rs.	Rs.
Unquoted Shares			
Credit Information Bureau of Sri Lanka	100	41,300	41,300

As at 31st March	2022	2021
	Rs.	Rs.

19 Financial assets at amortised cost-Debt and other financial instruments

Investment in Treasury Bills	1,412,979,204	714,026,006
Investment in Treasury Bonds	-	99,236,052
	1,412,979,204	813,262,058

20 Other Debtors and Prepayments

Loans to Employees (Note 20.1)	84,087,916	94,711,631
Prepayments and Advances	119,258,982	128,891,997
Other Receivables	43,161,262	37,200,438
	246,508,160	260,804,066

As at 31st March		2022	2021
		Rs.	Rs.
20.1	Loans to Employees		
	Balance as at beginning of the Year	94,711,631	97,036,046
	Loans granted during the year	48,894,996	41,688,346
	Loans recovered during the Year	(57,809,298)	(42,095,865)
	Provision for Impairment (Note 20.2)	(1,709,413)	(1,916,896)
	Balance as at end of the Year	84,087,916	94,711,631
	Due within one Year	25,152,611	25,769,073
	Due after one Year	58,935,305	68,942,558
		84,087,916	94,711,631
20.2	Movement in Provision for Impairment		
	Balance as at beginning of the Year	1,916,896	177,116
	Charge/ (Reversal) for the year	(207,483)	1,739,780
	Balance as at end of the Year	1,709,413	1,916,896

21 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		2022	2021
		Rs.	Rs.
21.1	Cost		
	Balance as at Beginning of the Year	136,424,534	127,761,149
	Additions during the Year	34,197,090	8,663,385
	Balance as at end of the Year	170,621,624	136,424,534
21.2	Accumulated Amortization		
	Balance as at Beginning of the Year	(92,010,370)	(85,484,562)
	Amortization During the Year	(9,152,717)	(6,525,808)
	Balance as at end of the Year	(101,163,087)	(92,010,370)
21.3	Carrying Amount		
	Total Carrying Amount of EDP Software	69,458,537	44,414,164

21.4 During the financial year, the Company acquired Software to the aggregated value of Rs. 34,197,090 (2020/21 - Rs. 8,663,385).

21.5 EDP Software included in fully amortized and impaired assets having cost amounting to Rs. 65,045,763 (2020/21 - Rs. 64,695,264).

22 Property, Plant and Equipment

Accounting Policy

The Company applies the requirements of the Sri Lanka Accounting Standard – LKAS 16 on 'Property, Plant and 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 and Equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be reliably measured.

The Company applies the Cost Model to all Property, Plant and 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 and Equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day-to-day servicing). 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 and 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 and 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 and 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.

Change in Depreciation Rate

Depreciation methods, useful lives and residual values are reassessed at each Reporting date and adjusted, if required

De-recognition

An item of Property, Plant and 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 and Equipment, the remaining carrying amount of the replaced part is de-recognised as required by Sri Lanka Accounting Standard – LKAS 16 on 'Property, Plant and 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.

	Balance as at 1st April 2020	Additions and Transfers	Disposals	Balance as at 1st April 2021	Additions and Transfers	Disposals	Balance as at 31st March 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
22.1 Cost							
Improvements on Leasehold Premises	273,834,031	45,326,120	(2,014,856)	317,145,295	86,529,176	(8,698,836)	394,975,635
Equipment	110,732,730	20,537,978	(2,917,862)	128,352,846	36,425,127	(811,727)	163,966,246
EDP Equipment	96,154,462	23,939,501	(483,456)	119,610,507	40,007,405	(121,871)	159,496,041
Furniture and Fittings	52,437,629	6,804,516	(427,565)	58,814,580	16,549,975	(84,444)	75,280,111
	533,158,852	96,608,115	(5,843,739)	623,923,228	179,511,683	(9,716,878)	793,718,033

Notes to the Financial Statements

22.2 Accumulated Depreciation

	Balance as at 1st April 2020	Depreciation Charge for the year	Disposals	Balance as at 1st April 2021	Depreciation Charge for the year	Disposals	Balance as at 31st March 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Improvements on Leasehold Premises	(106,100,873)	(36,398,557)	-	(142,499,430)	(44,059,843)	6,118,722	(180,440,551)
Equipment	(26,916,461)	(11,563,091)	1,954,884	(36,524,668)	(14,102,883)	519,805	(50,107,746)
EDP Equipment	(57,362,769)	(14,526,224)	438,873	(71,450,120)	(18,072,007)	121,871	(89,400,256)
Furniture and Fittings	(19,163,868)	(4,934,935)	323,917	(23,774,886)	(5,606,116)	64,332	(29,316,670)
	(209,543,971)	(67,422,807)	2,717,674	(274,249,104)	(81,840,849)	6,824,730	(349,265,223)

	Balance as at 1st April 2020	Additions	Transfers	Balance as at 1st April 2021	Additions	Transfers	Balance as at 31st March 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Capital Work in Progress	4,105,567	22,927,403	(4,105,567)	22,927,403	-	(22,927,403)	-
	4,105,567	22,927,403	(4,105,567)	22,927,403	-	(22,927,403)	-

22.3 Carrying Amount

As At 31st March	2022	2021
	Rs.	Rs.
Improvements on Leasehold Premises	214,535,084	174,645,865
Equipment	113,858,500	91,828,178
EDP Equipment	70,095,785	48,160,387
Furniture and Fittings	45,963,441	35,039,694
Capital Work In Progress	-	22,927,403
	444,452,810	372,601,527

22.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregated value of Rs. 156,584,280 (2020/21 - Rs. 115,429,951).

22.5 Cost of fully depreciated assets which are still in use as at reporting date is as follows:

As At 31st March	2022	2021
	Rs.	Rs.
Improvements on Leasehold Premises	60,015,691	60,447,371
Equipment	4,627,238	3,651,085
EDP Equipment	47,406,851	34,535,905
Furniture and Fittings	8,271,797	6,541,660
	120,321,577	105,176,021

22.6 There were no items of Property Plant and equipment pledge as security for liabilities of the Company as at the reporting date.

22.7 There was no temporarily idle Property, Plant and Equipment as at 31st March 2022.

22.8 There was no capitalized borrowing cost relating to acquisition of Property, Plant and Equipment during the Year (2020/21 - Nil)

23 Right-Of-Use Assets

Accounting Policy

The Company assesses at the inception of a contract, whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration as per the guidelines of SLFRS 16. This assessment considers whether, throughout the period of use, the lessee has both the right to obtain all of the economic benefits from the use of the identified asset and the right to direct how and for what purpose the identified asset is used. After the assessment of whether a contract is, or contains, a lease, the Company determines whether it contains additional lease or non-lease (service) components based on the detailed guidance provided in SLFRS 16. Accordingly, the right to use of an identifying asset is a separate lease component if the lessee can benefit from the use of underlying asset either on its own or together with other resources readily available to the lessee and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. This policy is applied to contracts entered into (or changed) on or after 1 April 2019

As At 31st March		2022	2021
		Rs.	Rs.
23.1	Gross carrying amount		
	At Cost		
	As at beginning of the year	731,867,116	535,307,335
	Additions during the year	159,597,621	197,138,957
	Disposals during the year	-	(579,176)
	Balance as at end of the Year	891,464,737	731,867,116
23.2	Accumulated Depreciation		
	As at beginning of the year	(147,878,572)	(66,817,204)
	Charge for the Year	(97,699,385)	(81,061,368)
	Balance as at end of the Year	(245,577,957)	(147,878,572)
23.3	Net Book Value	645,886,780	583,988,544
24	Financial Liabilities at Amortised Cost-Due to Customers		
	Fixed Deposits at Amortized Cost	12,148,130,184	10,523,505,384
	Savings Deposits	147,260,807	119,658,827
		12,295,390,991	10,643,164,211

25 Financial Liabilities at Amortised Cost-Interest Bearing Loans and Borrowings

As At 31st March	2022			2021		
	Amount	Amount	Total	Amount	Amount	Total
	Repayable	Repayable		Repayable	Repayable	
	Within 1 Year	After 1 Year		Within 1 Year	After 1 Year	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Debentures (Note 25.1)	263,853,635	3,008,000,000	3,271,853,635	98,774,683	1,008,000,000	1,106,774,683
Bank Loans (Note 25.2)	3,108,471,463	1,124,583,301	4,233,054,764	1,034,148,649	1,508,793,314	2,542,941,963
Securitization Loans (Note 25.3)	1,823,154,755	1,449,702,606	3,272,857,361	2,241,102,700	1,579,848,539	3,820,951,239
	5,195,479,853	5,582,285,907	10,777,765,760	3,374,026,032	4,096,641,853	7,470,667,885

Notes to the Financial Statements

25.1 Debentures

Period	Type	No of Debentures Listed	Face Value	Interest Rate	Issued Date	Maturity Date	As at 31st March	
							2022	2021
			Rs.	%			Rs.	Rs.
36 Months Unsecured Debentures	Senior, Listed, Rated Debentures	7,530,000	753,000,000	13.00	09-Apr-2020	10-Apr-2023	844,882,147	843,457,373
36 Months Unsecured Debentures	Senior, Listed, Rated Debentures	2,500,000	250,000,000	6 Months T-Bill Rate +3.75% P.A.	09-Apr-2020	10-Apr-2023	262,361,097	257,773,993
60 Months Unsecured Debentures	Senior, Listed, Rated Debentures	50,000	5,000,000	13.25	19-May-2020	19-May-2025	5,547,859	5,543,317
60 Months Unsecured Debentures	Senior, Listed, Rated Debentures	5,832,200	583,220,000	9.25	25-Jun-2021	25-Jun-2026	620,837,309	-
60 Months Unsecured Debentures	Senior, Listed, Rated Debentures	14,167,800	1,416,780,000	1 Year T-Bill Rate + 3.75%	25-Jun-2021	25-Jun-2026	1,538,225,223	-
		30,080,000	3,008,000,000				3,271,853,635	1,106,774,683

25.1.1 Movement of Debentures

	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.	Rs.	Rs.	Rs.	Rs.
As at 31st March 2022	1,106,774,683	2,000,000,000	-	(13,505,102)	178,584,054	3,271,853,635
	1,106,774,683	2,000,000,000	-	(13,505,102)	178,584,054	3,271,853,635
As at 31st March 2021	2,161,650,958	1,008,000,000	(2,090,700,000)	(3,983,149)	31,806,874	1,106,774,683
	2,161,650,958	1,008,000,000	(2,090,700,000)	(3,983,149)	31,806,874	1,106,774,683

25.2 Bank Loans

2021/22	As at 1st April 2021	Loans Obtained	Repayments	Accrued Interest	As at 31st March 2022
	Rs.	Rs.	Rs.	Rs.	Rs.
Movements of Bank Loans					
Sampath Bank	-	1,000,000,000	(500,000,000)	934,575	500,934,575
Cargills Bank	100,047,260	-	(100,047,260)	-	-
Commercial Bank	229,090,525	-	(119,617,283)	169,383	109,642,625
Nations Trust Bank	498,346,368	1,000,000,000	(368,900,881)	3,770,658	1,133,216,145
Seylan Bank	1,356,873,344	150,000,000	(549,645,377)	1,661,115	958,889,082
National Development Bank	-	900,000,000	(400,000,000)	198,630	500,198,630
Bank of Ceylon	358,584,463	1,100,000,000	(431,501,150)	3,090,394	1,030,173,707
	2,542,941,960	4,150,000,000	(2,469,711,951)	9,824,755	4,233,054,764

2020/21	As at 1st April 2020	Loans Obtained	Repayments	Accrued Interest	As at 31st March 2021
	Rs.	Rs.	Rs.	Rs.	Rs.

Movements of Bank Loans

Sampath Bank	594,376,636	1,000,000,000	(1,594,376,636)	-	-
Cargills Bank	205,896,756	550,000,000	(655,896,756)	47,260	100,047,260
Commercial Bank	349,167,330	-	(120,274,955)	198,150	229,090,525
Nations Trust Bank	1,034,583,445	2,650,000,000	(3,188,469,956)	2,232,879	498,346,368
Seylan Bank	1,688,724,130	2,300,000,000	(2,634,242,567)	2,391,784	1,356,873,347
National Development Bank	124,118,756	1,000,000,000	(1,124,118,756)	-	-
Bank of Ceylon	759,196,520	700,000,000	(1,100,863,198)	251,141	358,584,463
	4,756,063,573	8,200,000,000	(10,418,242,824)	5,121,214	2,542,941,963

(a) Bank Loans Repayable within One Year

Bank	Rate of Interest (p.a.)	Repayment Terms	Security	2022	2021
				Rs.	Rs.
Sampath Bank	AWPLR + Margin	Monthly Repayment	Lease Receivables	500,934,575	-
Seylan Bank	AWPLR + Margin	Monthly Repayment	Lease Receivables	100,747,271	-
Seylan Bank	Fixed Rate	Quartely Repaymnet	Lease Receivables	249,641,811	548,413,345
Seylan Bank	Fixed Rate	Monthly Repayment	Lease Receivables	150,000,000	-
Nations Trust Bank	Fixed Rate	Quartely Repayment	Lease Receivables	166,928,118	166,346,370
Nations Trust Bank	AWPLR + Margin	Monthly Repayment	Lease Receivables	802,288,027	-
National Development Bank	Fixed Rate	Monthly Repayment	Lease Receivables	500,198,630	-
Bank of Ceylon	Fixed Rate	Monthly Repayment	Lease Receivables	301,952,054	-
Bank of Ceylon	AWPLR + Margin	Monthly Repayment	Lease Receivables	226,138,352	100,251,149
Commercial Bank	Fixed Rate	Quartely Repayment	Lease Receivables	109,642,625	119,090,525
Cargills Bank	Fixed Rate	Monthly Repayment	Lease Receivables	-	100,047,260
				3,108,471,463	1,034,148,649

(b) Bank Loans Repayable after One Year

Bank	Rate of Interest (p.a.)	Repayment Terms	Security	2022	2021
				Rs.	Rs.
Seylan Bank	AWPLR + Margin	Monthly Repayment	Lease Receivables	83,500,000	808,460,000
Seylan Bank	Fixed Rate	Quartely Repaymnet	Lease Receivables	375,000,000	-
Nations Trust Bank	Fixed Rate	Quartely Repayment	Lease Receivables	164,000,000	332,000,000
Bank of Ceylon	AWPLR + Margin	Monthly Repayment	Lease Receivables	502,083,301	258,333,314
Commercial Bank	Fixed Rate	Quartely Repayment	Lease Receivables	-	110,000,000
				1,124,583,301	1,508,793,314

Notes to the Financial Statements

25.3 Securitization Loans

	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.	Rs.	Rs.	Rs.	Rs.
As at 31st March 2022	3,820,951,239	1,500,000,000	(2,191,244,887)	(33,341,991)	176,493,000	3,272,857,361
	3,820,951,239	1,500,000,000	(2,191,244,887)	(33,341,991)	176,493,000	3,272,857,361
As at 31st March 2021	2,310,484,026	3,097,802,676	(1,719,299,999)	(13,315,337)	145,279,873	3,820,951,239
	2,310,484,026	3,097,802,676	(1,719,299,999)	(13,315,337)	145,279,873	3,820,951,239

25.4 Details of Securitization Loans as at 31st March is as follows

Issue No.	Face Value	Maximum Period (Months)	Trustee	Balance as at 31st March 2022	Balance as at 31st March 2021	Security
Syndication 01 Tranch 01	1,250,000,000	36	Hatton National Bank	-	224,127,724	Lease, Loans and Advances Receivables
Securitization 01 Trust 01	300,000,000	36	Hatton National Bank	-	83,194,708	Lease, Loans and Advances Receivables
Securitization 02 Trust 02 Tranch 01	300,000,000	36	Hatton National Bank	-	157,469,753	Lease, Loans and Advances Receivables
Securitization 02 Trust 02 Tranch 01	150,000,000	36	Hatton National Bank	-	78,735,668	Lease, Loans and Advances Receivables
Securitization 02 Trust 02 Tranch 02	150,000,000	36	Hatton National Bank	15,368,570	88,655,937	Lease, Loans and Advances Receivables
Securitization 03 Trust 03	500,000,000	36	Hatton National Bank	212,495,232	345,809,854	Lease, Loans and Advances Receivables
Securitization 04 Trust 04	300,000,000	36	Hatton National Bank	45,372,664	186,298,709	Lease, Loans and Advances Receivables
Securitization 05 Trust 05 Tranch 01	303,709,239	30	Hatton National Bank	190,684,072	333,766,389	Lease, Loans and Advances Receivables
Securitization 05 Trust 05 Tranch 02	100,318,980	18	Hatton National Bank	-	109,934,993	Lease, Loans and Advances Receivables
Securitization 05 Trust 05 Tranch 03	402,774,457	36	Hatton National Bank	221,376,963	349,108,398	Lease, Loans and Advances Receivables
Securitization 06 Trust 06	400,000,000	12	Hatton National Bank	-	179,651,445	Lease, Loans and Advances Receivables
Syndication 2 Tranch 01	200,000,000	42	Hatton National Bank	196,351,249	199,131,920	Lease, Loans and Advances Receivables
Syndication 2 Tranch 02	200,000,000	48	Hatton National Bank	195,970,148	198,566,934	Lease, Loans and Advances Receivables
Syndication 2 Tranch 03	200,000,000	54	Hatton National Bank	195,619,577	198,522,600	Lease, Loans and Advances Receivables
Syndication 2 Tranch 04	200,000,000	60	Hatton National Bank	195,393,495	198,487,201	Lease, Loans and Advances Receivables
Securitization 07 Trust 01 Tranch 01	681,000,000	36	National Savings Bank	63,194,452	614,538,015	Lease, Loans and Advances Receivables
Securitization 07 Trust 01 Tranch 02	20,000,000	36	National Savings Bank	-	21,821,440	Lease, Loans and Advances Receivables
Securitization 08 Trust 07	250,000,000	36	Hatton National Bank	203,290,726	253,129,551	Lease, Loans and Advances Receivables
Securitization 09 Trust 08	1,500,000,000	36	Hatton National Bank	1,537,740,213	-	Lease, Loans and Advances Receivables
	7,407,802,676			3,272,857,361	3,820,951,239	

26 Lease liability

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 comprise 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.

Notes to the Financial Statements

Company as a Lessor

Similar to above, at the commencement of the contract, the Company determines whether the contract contains a lease component and one or more additional lease components or non-lease components. When there is one or more additional lease or non lease component, the Company allocates consideration based on the guidelines given in SLFRS 15

However, SLFRS 16 largely retains the lessor accounting requirements in LKAS 17 and classification of leases is based on the extent to which risks and rewards incidental to ownership of leased asset lie with the lessor or lessee

Finance leases- Company as a Lessor

As per SLFRS 16, a lease which transfers substantially all the risks and rewards incidental to ownership of an underlying asset is classified as a finance lease. At the commencement date, the Company recognises assets held under finance lease in the SOFP and present them as a lease receivable at an amount equal to the net investment in the lease. Net investment in the lease is arrived by discounting lease payments receivable at the interest rate implicit in the lease, i.e. the rate which causes present value of lease payments to equal to the fair value of the underlying asset and initial direct costs. The Company's net investment in lease is included in Note 17.2 on "Finance Lease Receivable" or Note 17.3 "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		2022	2021
		Rs.	Rs.
	As at beginning of the year	615,277,570	476,002,315
	New contracts liabilities during the year	159,597,620	197,138,958
	Interest Charge for the Year	76,395,171	70,673,269
	Lease Rental Payments for the Year	(129,379,102)	(127,957,796)
	Disposals / Transfers	-	(579,176)
	Balance as at end of the Year	721,891,259	615,277,570
26.1	Maturity analysis of undiscounted contractual lease payments are as follows		
	Less than one year	48,525,517	56,123,346
	Between one and five years	360,119,967	296,034,173
	More than five years	313,245,775	263,120,051
		721,891,259	615,277,570
26.2	Amounts recognised in profit or loss		
	Interest expense on lease liabilities	76,395,171	70,673,269
	Expense relating to leases of low-value assets (included in Other Operating Expenses)	12,382,538	20,693,161
	Gain arising from changes in lease payments and rent concessions	-	3,353,939
		88,777,709	94,720,369
26.3	Information on the Company's variable lease payments, including the magnitude in relation to fixed payments		
	Fixed rent	129,379,102	127,957,796
		129,379,102	127,957,796

The Company has applied the practical expedient to all rent concessions that meet the conditions.

27 Trade and Other Payables

Accounting Policy

Other Liabilities

Other liabilities are recorded at amounts expected to be payable at the Reporting date

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in 'Interest Expense' in profit or loss.

As at 31st March	2022	2021
	Rs.	Rs.
Trade Payables	153,563,255	167,502,086
VAT on Financial Services	64,819,312	55,546,611
Accrued Expenses	212,894,118	152,679,777
Insurance Payable	73,989,263	63,842,443
Dividend Payable	7,890,778	6,880,427
Deferred Revenue-Suraksha and Moratorium Loan	3,336,815	25,605,148
Un Identified Customer Deposits	29,457,036	10,972,114
Other Payables	113,165,482	103,495,814
	659,116,059	586,524,420

28 Amount due to/(From) Related Companies

28.1 Amount due from Related Companies

Trade	Relationship		
Singer (Sri Lanka) PLC	Parent Company	-	418,491,945
		-	418,491,945

28.2 Amount due to Related Companies

Non-Trade	Relationship		
Hayleys PLC	Ultimate Parent	2,792,113	3,121,134
Fentons Ltd	Common Ultimate Parent	3,690,744	40,840
Ravi Industries	Common Ultimate Parent	140,000	-
Singer (Sri Lanka) PLC	Parent Company	65,837,963	452,744,185
		72,460,820	455,906,159

Notes to the Financial Statements

28.2.1 Movements of Loan from Related Party

	As at 1st April 2020	Loans Obtained	Repayments	As at 1st April 2021	Loans Obtained	Repayments	As at 31st March 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Singer (Sri Lanka) PLC	400,000,000	-	(400,000,000)	-	-	-	-
	400,000,000	-	(400,000,000)	-	-	-	-

28.3 Singer (Sri Lanka) PLC

The Company has not obtained any short or long term loans during the year under review. However, the Company settled the short term loan obtained during the financial year of 2020/21. Interest is charged based on the lowest AWPLR prevailed in the respective month +0.5%

29 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	2022	2021
	Rs.	Rs.
Balance as at beginning of the year	196,222,480	117,350,832
Expenses recognised in Profit or Loss (Note 12)	409,953,852	273,979,408
Income Tax Paid	(345,798,425)	(194,802,453)
WHT Set-off	-	(305,307)
Balance as at end of the Year	260,377,907	196,222,480

30 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.

As at 31st March		2022	2021
		Rs.	Rs.
30.1	Deferred Tax (Assets) / Liabilities		
	Movement of Deferred Tax (Assets)/Liabilities		
	Balance as at beginning of the Year	(5,206,643)	77,364,355
	Origination of timing differences - recognized in Profit or Loss (Note 12)	(72,425,159)	(82,305,803)
	Origination of timing differences - recognized in Other Comprehensive Income	(1,042,972)	(265,195)
	Balance as at end of the Year	(78,674,774)	(5,206,643)

- 30.2** 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.

30.3 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		2022		
		Temporary Difference	Tax Rate	Tax effect
		Rs.		Rs.
Deferred tax liabilities on:				
	Property, Plant and Equipment	(145,579,708)	24	(34,939,130)
	Intangible Assets	(25,580,413)	24	(6,139,299)
	Lease Rental Receivables	(168,762,744)	24	(40,503,059)
		(339,922,865)		(81,581,488)
Deferred tax assets on:				
	Impairment Provision	426,912,629	24	102,459,031
	Retirement Benefit Obligation	101,457,552	24	24,349,813
	ROU Asset and Lease Liability	139,364,242	24	33,447,418
		667,734,423		160,256,262
	Net Deferred Tax Asset	327,811,558		78,674,774

Notes to the Financial Statements

As at 31st March	2021		
	Temporary Difference	Tax Rate	Tax effect
	Rs.		Rs.
Deferred tax liabilities on:			
Property, Plant and Equipment	(112,269,294)	24	(26,944,631)
Intangible Assets	(27,842,395)	24	(6,682,175)
Lease Rental Receivables	(309,576,264)	24	(74,298,303)
	(449,687,953)		(107,925,109)
Deferred tax assets on:			
Impairment Provision	286,105,749	24	68,665,380
Retirement Benefit Obligation	83,244,646	24	19,978,715
ROU Asset and Lease Liability	102,031,904	24	24,487,657
	471,382,299		113,131,752
Net Deferred Tax Asset	21,694,346		5,206,643

31 Retirement Benefit Obligations

Accounting Policy

Defined Benefit Plan (DBP) - Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of a defined benefit plan is the present value of the defined benefit obligation at the reporting date. Benefit falling due more than 12 months after the reporting date are discounted to present value.

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	2022	2021
	Rs.	Rs.
Present Value of Unfunded Gratuity	101,457,552	83,244,646
	101,457,552	83,244,646
Provision for Retiring Gratuity		
Balance as at beginning of the Year	83,244,646	73,397,396
Expenses recognised in Profit or Loss (Note 31.1)	18,977,876	17,964,293
Adjustment due to Trasnfere of employees out of Company	-	(172,839)
Actuarial (Gain) / Loss in Other Comprehensive Income	4,345,715	1,104,981
	106,568,237	92,293,831
Benefits Paid during the Year	(5,110,685)	(9,049,185)
Balance as at end of the Year	101,457,552	83,244,646

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 and Management Consultants (Pvt) Limited who is a qualified Actuary, Associate of the Institute and Faculty of Actuaries, UK.

As at 31st March	2022	2021
	Rs.	Rs.
Expense recognized in Profit or Loss:		
Current Service Cost	12,522,732	10,624,554
Interest Cost	6,455,144	7,339,739
	18,977,876	17,964,293
Actuarial Loss in Other Comprehensive Income	4,345,715	1,104,981

31.1

Notes to the Financial Statements

31.2 Actuarial Assumptions

Following key assumptions were made in arriving at the above figures

For the Year Ended 31st March	2022	2021
(a) Rate of Discount	15% p.a. (net of tax)	8% p.a. (net of tax)
(b) Salary Increment Rate	14%	7%
(c) Retirement Age	60 years	60 years
(d) Staff Turnover	16%	16%
(e) Average Future Working Life Time	5.6 years	6.08 years

(f) Assumptions regarding future mortality are based on A1967/70 Ultimate Mortality Table, issued by the Institute of Actuaries, London.

The demographic assumptions underlie the valuation are with respect to retirement age, early withdrawal from service and retirement on medical grounds.

(g) Discount rate

LKAS 19 requires the risk discount rate to be based on the market yield of high quality Corporate bonds (AA and above) of similar duration to the liability.

Due to the lack of long term high quality bonds available in the Sri Lankan market, discount rate is determined by examining short and medium term government and corporate bonds. For the purpose of this valuation, the Company has considered discount rate of 15%. A rate of discount of 8% has been used at the previous valuation.

31.3 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 2022.

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%		4,598,757	(4,598,757)
(1%)		(5,053,390)	5,053,390
	1%	(5,529,513)	5,529,513
	(1%)	5,108,548	(5,108,548)

31.4 Distribution of Employee Benefit Obligation over Future Working Lifetime

As at 31st March	2022	2021
	Rs.	Rs.
Less than or equal 1 year	14,691,301	1,766,129
Over 1 year and less than or equal 5 years	52,221,486	4,446,067
Over 5 year and less than or equal 10 years	19,713,432	77,032,450
Over 10 years	14,831,333	-
	101,457,552	83,244,646

32 Stated Capital

32.1 Issued and Fully Paid

	As at 1st April 2021	Issued for Cash during the Year	Issued for Non-Cash Consideration	As at 31st March 2022
	Number	Number	Number	Number
Number of Ordinary Shares	202,074,075	-	-	202,074,075
	202,074,075	-	-	202,074,075

	Rs.	Rs.	Rs.	Rs.
Rupees - Ordinary Shares	1,996,444,457	-	-	1,996,444,457
	1,996,444,457	-	-	1,996,444,457

As at 31st March	2022	2021
	Rs.	Rs.

33 Statutory Reserves

Reserve Fund (Note 33.1)	234,111,556	203,054,547
	234,111,556	203,054,547

33.1 Reserve Fund

Balance as at beginning of the Year	203,054,547	182,548,200
Amount Transferred During the Year	31,057,009	20,506,347
Balance as at end of the Year	234,111,556	203,054,547

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 5% of its net profit after taxation to the Reserve Fund as Company's Capital Funds to Deposit Liabilities, belongs to not less than 25%.

Notes to the Financial Statements

34 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.

34.1 Business Segments (Rs.'000)

	Finance Lease		Loans and Advances		Other		Total	
For the Year Ended 31st March	2022	2021	2022	2021	2022	2021	2022	2021
Interest	3,171,307	3,175,047	1,803,509	1,136,523	138,616	116,915	5,113,432	4,428,485
Net Fee and Commission Income	129,190	124,029	163,759	112,455	80	181	293,029	236,665
Other Operating Income	10,391	22,260	20,185	17,001	49,467	9,293	80,043	48,554
Total Revenue	3,310,888	3,321,336	1,987,453	1,265,979	188,163	126,389	5,486,504	4,713,704
Interest Expense	(1,207,211)	(1,376,922)	(686,536)	(492,876)	(52,767)	(50,702)	(1,946,514)	(1,920,500)
Depreciation and Amortization	(120,287)	(114,150)	(68,406)	(40,860)	-	-	(188,693)	(155,010)
Administration and Selling Expenses	(1,078,812)	(987,632)	(613,521)	(353,528)	-	-	(1,692,333)	(1,341,160)
Allowances for Impairment charges for Loan and Other Losses	(223,068)	(301,860)	(189,658)	(180,687)	-	-	(412,726)	(482,547)
VAT, NBT and DRL on Financial Services	(178,348)	(152,488)	(101,426)	(54,584)	(7,796)	(5,615)	(287,570)	(212,687)
Profit Before Tax	503,162	388,284	327,906	143,444	127,600	70,072	958,668	601,800
Income Tax Expense	(177,153)	(123,669)	(115,449)	(45,687)	(44,926)	(22,318)	(337,528)	(191,674)
Profit For The Year	326,009	264,615	212,457	97,757	82,674	47,754	621,140	410,126
Segment Assets	13,998,687	15,122,159	14,541,652	8,124,184	1,722,678	1,424,868	30,263,017	24,671,211
Segment Liabilities	11,790,091	12,475,163	12,247,391	6,702,120	1,450,888	1,175,459	25,488,370	20,352,742
Segment assets include the additions to non current assets	98,855	64,526	102,689	34,666	12,165	6,080	213,709	105,272

35 Maturity Analysis of Assets and Liabilities

An analysis of the interest bearing assets and liabilities employed by the Company as at 31st March 2022, based on the remaining period at the reporting date to the respective contractual maturity date is given below.

As at 31st March	2022					
	Less than 3 months	3-12 months	1-3 years	3-5 years	over 5 years	Total
Interest Earning Assets						
Cash and Cash Equivalents	837,561,672	-	-	-	-	837,561,672
Placements with Banks	177,449,769	-	-	-	-	177,449,769
Financial Assets at Amortised Cost-Hire Purchase Receivables	-	-	-	-	-	-
Financial Assets at Amortised Cost-Finance Lease Receivables	1,207,321,797	3,183,933,783	6,478,726,872	2,074,255,360	9,811,200	12,954,049,012
Financial Assets at Amortised Cost-Loans and Advances	3,346,283,646	7,176,077,166	1,974,896,355	890,751,649	7,946,097	13,395,954,913
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	1,412,979,204	-	-	-	-	1,412,979,204
Loans to Employees	10,691,002	14,461,609	41,458,632	15,150,689	2,325,984	84,087,916
Due From Related Companies	-	-	-	-	-	-
Total Interest Earning Assets	6,992,287,090	10,374,472,558	8,495,081,859	2,980,157,698	20,083,281	28,862,082,486
Percentage(%)	24.2	36.0	29.4	10.3	0.1	100.0
Interest Bearing Liabilities						
Financial Liabilities at Amortised Cost-Due to Customers	4,057,871,014	5,919,672,275	1,742,743,655	557,935,440	17,168,607	12,295,390,991
Financial Liabilities at Amortised Cost-Interest Bearing Loans and Borrowings	2,997,226,935	2,198,252,919	3,288,142,422	2,294,143,485	-	10,777,765,761
Due to Related Companies	72,460,820	-	-	-	-	72,460,820
Lease Liabilities	3,809,441	44,716,076	89,624,684	270,495,283	313,245,775	721,891,259
Bank Overdrafts	599,908,934	-	-	-	-	599,908,934
Trade Payables	153,563,255	-	-	-	-	153,563,255
Total Interest Bearing Liabilities	7,884,840,399	8,162,641,270	5,120,510,761	3,122,574,208	330,414,382	24,620,981,020
Percentage(%)	32.0	33.2	20.8	12.7	1.3	100.0

Notes to the Financial Statements

As at 31st March	2021					
	Less than 3 months	3-12 months	1-3 years	3-5 years	over 5 years	Total
Interest Earning Assets						
Cash and Cash Equivalents	1,020,922,167	-	-	-	-	1,020,922,167
Placements with Banks	60,934,823	-	-	-	-	60,934,823
Financial Assets at Amortised Cost-Hire Purchase Receivables	-	-	-	-	-	-
Financial Assets at Amortised Cost-Finance Lease Receivables	1,432,884,724	3,288,561,000	6,769,411,439	2,213,094,891	15,821,228	13,719,773,282
Financial Assets at Amortised Cost-Loans and Advances	1,979,963,378	3,389,299,361	1,395,255,606	593,455,331	12,797,042	7,370,770,718
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	714,026,006	99,236,052	-	-	-	813,262,058
Loans to Employees	14,418,523	11,350,550	50,533,232	15,503,993	2,905,333	94,711,631
Due From Related Companies	418,491,945	-	-	-	-	418,491,945
Total Interest Earning Assets	5,641,641,566	6,788,446,963	8,215,200,277	2,822,054,215	31,523,603	23,498,866,624
Percentage(%)	24.0	28.9	35.0	12.0	0.1	100.0
Interest Bearing Liabilities						
Financial Liabilities at Amortised Cost-Due to Customers	2,414,831,740	6,137,200,721	1,436,947,232	637,174,864	17,009,654	10,643,164,211
Financial Liabilities at Amortised Cost-Interest Bearing Loans and Borrowings	1,243,689,247	1,935,380,230	3,158,896,454	1,132,701,954	-	7,470,667,885
Due to Related Companies	455,906,159	-	-	-	-	455,906,159
Lease Liabilities	-	56,123,346	41,061,278	254,972,895	263,120,051	615,277,570
Bank Overdrafts	301,734,383	-	-	-	-	301,734,383
Trade Payables	167,502,086	-	-	-	-	167,502,086
Total Interest Bearing Liabilities	4,583,663,615	8,128,704,297	4,636,904,964	2,024,849,713	280,129,705	19,654,252,294
Percentage(%)	23.3	41.4	23.6	10.3	1.4	100.0

36 Financial Instruments

36.1 Financial Risk Management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Integrated Risk Management Committee (IRMC) which is responsible for developing and monitoring Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standard and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The Board Audit Committee is assisted in its oversight role by internal audit of the parent company and outsourced audit firms. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Board Audit Committee.

36.1.1 Credit Risk

Credit risk' is the risk of financial loss to the Company if customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and receivables from customers, Amount Due from related parties and other banks and investment debt securities. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

(i) Settlement Risk

The Company activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honor its obligation to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Company mitigates this risk by conducting settlements through a settlement clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval limit monitoring process described earlier. Acceptance of settlement risk on free-settlement trades retires transaction-specific or counter party-specific approvals from the Company risk.

(ii) Management of Credit Risk

(a) Overview of Management of Credit Risk

The Board of Directors has delegated responsibility for the oversight of credit risk to its Company Delegated Credit Committee. A separate Credit evaluation department, reporting to the Company Credit Committee, is responsible for managing the Company's credit risk, including the following:

Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.

Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Large facilities require approval by Company credit, the Head of the Company Credit, the Credit Committee or the Board of Directors as appropriate.

Reviewing and assessing credit risk: The Company's Credit Committee assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewal and reviews of facilities are subject to the same review process.

Limiting concentrations of exposure to counter-parties, geographies and industries (for loan and receivables, financial guarantees and similar exposures) and by issuer, credit rating band, market liquidity and country (for investment securities).

Developing and maintaining the Company's process for measuring ECL: This includes processes for:

- Initial approval, regular validation and back testing of the models used.
- Determining and monitoring significant increase in Credit risk; and
- Incorporate of forward -looking information.

Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Company Credit Committee, which may require appropriate corrective action to be taken.

Providing advice, guidance and specialist skills to business units to promote best practice throughout the group in the management of credit risk.

Regular audits of business units and Company Credit processes are under taken by internal Audit.

Notes to the Financial Statements

(b) Exposure to Credit Risk

(i) Maximum Credit exposure

Carrying amount of financial assets represents the maximum credit exposure. The maximum exposure and net exposure to credit risk at the reporting date :

As at 31st March	Maximum Exposure		Net Exposure	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Cash at Banks	712,723,973	924,189,973	712,723,973	924,189,973
Placements with Banks [Note 36.1.1 (ii) (c) (v) (a)]	177,449,769	60,934,823	177,449,769	60,934,823
Loans and receivables from Customers [Note 36.1.1 (ii) (c)]	27,863,243,848	22,272,212,462	26,350,003,925	21,090,544,000
Financial assets at amortised cost-Debt and other financial instruments [Note 36.1.1 (ii) (c) (v) (b)]	1,412,979,204	813,262,058	1,412,979,204	813,262,058
Loans to Employees	84,087,916	94,711,631	84,087,916	94,711,631
Due From Related Companies	-	418,491,945	-	418,491,945
	30,250,484,710	24,583,802,892	28,737,244,787	23,402,134,430

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)	
	2022	2021
	Rs.	Rs.
Individual Customers	26,262,464,252	20,744,531,999
Corporate Customers	87,539,673	346,012,001
	26,350,003,925	21,090,544,000

(ii) Collateral held and other credit enhancement

As at 31st March	Percentage of exposure that is subject to collateral requirements		Types of Collateral Held
	2022	2021	
Type of credit exposure	%	%	
Hire Purchase Receivables (Note 17.1)	100	100	Vehicles/ Consumer Durables
Finance Lease Receivables (Note 17.2)	100	100	Vehicles
Loans and Advances- Vehicle backed Loans (Note 17.3)	100	100	Vehicles
Loans and Advances- Consumer Fiance Loans (Note 17.3)	100	100	Consumer Durables
Loans and Advances- Gold Loans (Note 17.3)	100	100	Pawning Articles
Loans and Advances- Loans against Deposits (Note 17.3)	100	100	Lien Deposits
Loans and Advances- Personal Loans (Note 17.3)	-	-	Guarantors
Loans to Employees (Note 20.1)	100	100	Vehicles and Guarantors
Due From Related Companies (Note 28.1)	-	-	None
Placements with Banks	100	100	Cash
Financial Assets at Amortised Cost-Debt and Other Financial Instruments (Note 19)	100	100	Marketable Securities

(iii) Credit Quality by Class of Financial Assets

As at 31st March	2022				
Financial Assets	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
Cash and Cash Equivalents	837,561,672	-	-	-	837,561,672
Placements with Banks	177,449,769	-	-	-	177,449,769
Financial assets at amortised cost-Hire Purchase Receivables	-	-	-	5,504,546	5,504,546
Financial assets at amortised cost-Finance Lease Receivables	-	10,211,528,108	2,371,622,474	1,207,703,236	13,790,853,818
Financial assets at amortised cost-Loans and Advances	-	12,577,506,646	850,317,229	639,061,611	14,066,885,486
Financial assets measured at fair value through other comprehensive income	41,300	-	-	-	41,300
Financial assets at amortised cost-Debt and other financial instruments	1,412,979,204	-	-	-	1,412,979,204
Financial assets at amortised cost-Loans to Employees	-	82,378,504	-	1,709,412	84,087,916
	2,428,031,945	22,871,413,258	3,221,939,703	1,853,978,805	30,375,363,711

As at 31st March	2021				
Financial Assets	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
Cash and Cash Equivalents	1,020,922,167	-	-	-	1,020,922,167
Placements with Banks	60,934,823	-	-	-	60,934,823
Financial assets at amortised cost-Hire Purchase Receivables	-	-	-	5,359,747	5,359,747
Financial assets at amortised cost-Finance Lease Receivables	-	10,763,443,951	2,545,550,341	1,035,671,825	14,344,666,117
Financial assets at amortised cost-Loans and Advances	-	6,097,944,071	746,235,624	1,078,006,903	7,922,186,598
Financial assets measured at fair value through other comprehensive income	41,300	-	-	-	41,300
Financial assets at amortised cost-Debt and other financial instruments	813,262,058	-	-	-	813,262,058
Financial assets at amortised cost-Loans to Employees	-	92,794,735	-	1,916,896	94,711,631
	1,895,160,348	16,954,182,757	3,291,785,965	2,120,955,371	24,262,084,441

Notes to the Financial Statements

(c) Credit Concentration risk on loans and receivables from customers

(i) Product Concentration

The Company reviews on a regular basis its concentration of credit granted in each of the product offered. The diversification was made to ensure that an acceptable level of risk in line with the risk appetite of the Company is maintained.

As at 31st March	Maximum Exposure			
	2022		2021	
	Rs.	%	Rs.	%
Leasing	13,790,853,818	50%	14,344,666,117	64%
Hire Purchase	5,504,546	0%	5,359,747	0%
Loans and Advances	14,066,885,486	50%	7,922,186,598	36%
	27,863,243,850	100%	22,272,212,462	100%

As at 31st March	Net Exposure			
	2022		2021	
	Rs.	%	Rs.	%
Leasing	12,954,049,012	49%	13,719,773,282	65%
Hire Purchase	-	0%	-	0%
Loans and Advances	13,395,954,913	51%	7,370,770,718	35%
	26,350,003,925	100%	21,090,544,000	100%

(ii) Geographical Concentration

The Company reviews its geographical diversification on a regular basis at the review meetings and sets long-term targets in achieving a geographically well diversified credit portfolio. Company's strategy on geographical diversification was executed through the establishment of a distribution network of the Company. The geographical concentration is considered when selecting prospective locations for new branches as well. The credit concentration of the economy is mostly affected by the wealth distribution of the country where a high concentration was seen in the Western Province.

As at 31st March	Net Exposure (Net of Impairment)			
	2022		2021	
	Rs.	%	Rs.	%
Central	2,888,888,718	11%	2,284,335,697	11%
Eastern	432,929,321	2%	435,812,087	2%
North Central	1,644,332,069	6%	1,446,986,655	7%
North Western	5,990,629,481	23%	5,057,069,481	24%
Northern	756,147,007	3%	526,330,322	2%
Sabaragamuwa	987,938,285	4%	936,085,502	4%
Southern	2,626,212,939	10%	2,265,210,605	11%
Uva	678,196,957	3%	543,800,329	3%
Western	10,344,729,148	38%	7,594,913,322	36%
	26,350,003,925	100%	21,090,544,000	100%

(iii) Sector wise analysis of credit exposures

The Company manages its credit exposure to a single industry by regularly reviewing the portfolio. As there is more concentration on vehicle related financing of the Company, there is an inherent concentration on the transport sector.

The Company has set targets to bring down the exposures of each industry to a level accepted by the Group based on its risk appetite.

As at 31st March	Net Exposure (Net of Impairment)			
	2022		2021	
	Rs.	%	Rs.	%
Agriculture	1,685,636,141	6%	1,448,185,582	7%
Tourism	187,921,864	1%	130,679,972	1%
Transport	13,736,763,047	52%	12,544,947,913	59%
Construction	649,492,563	3%	228,708,539	1%
Services	4,332,266,314	17%	2,321,133,292	11%
Individual	5,757,923,996	21%	4,416,888,702	21%
	26,350,003,925	100%	21,090,544,000	100%

(iv) Allowance for Impairment

The Company's exposure to credit risk on installment credit/hire purchase contracts is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base has a lesser influence on credit risk. Geographically, there is no concentration of credit risk. Leased assets, subject to collateral undertakings so that in the event of non-payment, the Company can have a secured claim.

The Company assesses the impairment for Loans and receivables to customers on collective basis. In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of losses incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical data.

The Company has written off Rs.81,155,019 during the financial year of 2021/22, and is in the process of taking legal action for such written off amounts.

Impairment Losses

The aging of receivables at the reporting date was

As at 31st March	2022			2021		
	Gross	Impairment	Net	Gross	Impairment	Net
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Not past due	14,557,751,131	92,534,811	14,465,216,320	12,573,246,997	105,532,150	12,467,714,847
Past due 1-30 days	5,541,576,115	57,585,608	5,483,990,507	3,168,571,491	49,216,161	3,119,355,330
Past due 31-120 days	5,279,593,960	340,379,234	4,939,214,726	4,135,911,429	154,391,174	3,981,520,255
Past due 121-180 days	944,814,007	173,069,445	771,744,562	934,110,756	116,964,772	817,145,984
Past due 181-360 days	779,797,040	247,410,578	532,386,462	839,823,397	276,065,335	563,758,062
Past due more than 360 days	759,711,597	602,260,249	157,451,348	620,548,392	479,498,870	141,049,522
	27,863,243,850	1,513,239,925	26,350,003,925	22,272,212,462	1,181,668,462	21,090,544,000

Notes to the Financial Statements

(v) Financial Investments

(a) Placements with Banks

As at 31st March		2022	2021
		Rs.	Rs.
Rating			
A+	DFCC	101,927,928	NDB 20,102,466
AA-	NDB	-	Cargills Bank 20,265,753
BBB-	PABC	75,521,841	PABC 20,566,604
		177,449,769	60,934,823

(b) Financial assets at amortised cost-Debt and other financial instruments

As at 31st March		2022	2021
		Rs.	Rs.
Rating			
AA+		1,412,979,204	813,262,058
		1,412,979,204	813,262,058

** Primary dealer - Commercial Bank of Ceylon PLC, the entire portfolio consist of Government Treasury Bills.

(c) Cash and 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- (lka)
Cargills Bank	A+(lka)
Commercial Bank of Ceylon PLC	AA-(lka)
Deutsche Bank	BBB+
DFCC Bank	A+(lka)
Hatton National Bank PLC	AA-(lka)
MCB Bank	AAA
National Development Bank	A+(lka)
Nations Trust Bank PLC	A(lka)
Pan Asia Bank PLC	BBB-(lka)
Sampath Bank PLC	AA-(lka)
Seylan Bank PLC	A(lka)

36.1.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements

As at 31st March 2022	Carrying Amount	Contractual Cash flows	6 months or less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Non Derivative Financial Liabilities							
Securitization Loans	3,272,857,361	3,630,050,532	1,207,419,476	939,696,586	1,287,540,975	195,393,495	-
Secured Bank Loans	4,233,054,764	4,669,781,571	2,905,354,860	639,843,410	1,030,833,314	93,749,987	-
Unsecured Debenture issues	3,271,853,635	3,661,041,267	389,187,632	-	1,096,239,249	2,175,614,386	-
Trade and Other payables	659,116,059	659,116,059	659,116,059	-	-	-	-
Financial liabilities at amortised cost-Due to Customers	12,295,390,991	13,398,861,349	6,374,233,541	4,706,780,106	1,742,743,655	557,935,440	17,168,607
Bank Overdrafts	599,908,935	599,908,935	599,908,935	-	-	-	-
	24,332,181,745	26,618,759,713	12,135,220,503	6,286,320,102	5,157,357,193	3,022,693,308	17,168,607

As at 31st March 2021	Carrying Amount	Contractual Cash flows	6 months or less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Non Derivative Financial Liabilities							
Secured Bank Loans	2,542,941,962	2,838,076,993	688,422,298	384,177,179	1,551,413,707	214,063,809	-
Securitization Loans	3,820,951,239	4,398,794,445	1,430,192,169	850,669,923	917,717,713	1,200,214,640	-
Secured Debenture issues	1,106,774,684	1,389,426,126	-	-	1,389,426,126	-	-
Due to Related Companies	455,906,159	481,664,857	481,664,857	-	-	-	-
Trade Other payables	586,524,420	586,524,420	586,524,420	-	-	-	-
Financial liabilities at amortised cost-Due to Customers	10,643,164,211	11,208,626,988	4,131,607,071	4,623,649,081	1,687,915,778	748,445,403	17,009,655
Bank Overdrafts	301,734,383	301,734,383	301,734,383	-	-	-	-
	19,457,997,058	21,204,848,212	7,620,145,198	5,858,496,183	5,546,473,324	2,162,723,852	17,009,655

Notes to the Financial Statements

36.1.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, Government duties and interest rates will affect the Company's income. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Company's solvency, while optimizing the return on risk. Market risk comprises two types of risks;

- (a) Interest Rate Risk
- (b) Currency Risk

(a) Interest Rate Risk

Interest Rate Risk is the risk which the Company is exposed due to uncertain and adverse movements in future interest rates. Interest rate risk is monitored through regular review of net interest yields by product to ensure interest rate margins and spreads are maintained and revisiting asset and liability pricing in line with the expectations on the interest yield curve. Further, the Company manages the interest rate risk on borrowings by using a combination of fixed and floating rates.

Profile

At the reporting date, the interest rate profile of the Company interest bearing financial instruments was

As at 31st March	2022	2021
	Rs	Rs
Fixed Rate Instruments		
Financial Assets	28,024,562,114	22,059,493,812
Financial Liabilities	(18,769,988,178)	(16,395,141,665)
	9,254,573,936	5,664,352,147
Variable Rate Instruments		
Financial Assets	-	-
Financial Liabilities	(4,903,077,507)	(2,020,424,814)
	(4,903,077,507)	(2,020,424,814)

Cash Flow Sensitivity for Variable Rate Instruments

A reasonable possible change of 100 basis points (1%) in interest rate at the Reporting date would increase/ (decrease) equity and profit or loss by amounts shown as below. This analysis assumes that all other variables remains constant:

	Profit or Loss		Equity Net of Tax	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs.	Rs.	Rs.	Rs.
31st March 2022				
Variable Rate Instruments	(49,030,775)	49,030,775	(37,263,389)	37,263,389
Cash Flow Sensitivity (Net)	(49,030,775)	49,030,775	(37,263,389)	37,263,389
31st March 2021				
Variable Rate Instruments	(20,204,248)	20,204,248	(15,355,228)	15,355,228
Cash Flow Sensitivity (Net)	(20,204,248)	20,204,248	(15,355,228)	15,355,228

(b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company, as at the reporting date, do not hold 'Financial instruments' denominated in currencies other than its functional / reporting currency, hence do not get exposed to currency risk arising from translation of such balances in to the functional / reporting currency, which is Sri Lankan Rupees.

The only currency risk faced by Singer Finance (Lanka) PLC is from the foreign currency held by the Company from its Foreign Exchange Operation.

The Company monitors exchange rates daily and take necessary steps to mitigate the Currency Risk by adjusting its Foreign Currency Exchange rates accordingly. Therefore, currency risk to the Company is minimal.

36.1.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from operations of the Company.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management of the Company. This responsibility is supported by the development of the Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective
- Information technology and cyber risk and,

Compliance with Company standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, senior management of the Company and the Audit Committee.

Notes to the Financial Statements

36.2 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.

36.2.1 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 3 of 2018 with the effect from 1st July 2018 .

Based on the Direction No. 3 of 2018 the Listed Finance Companies which are having asset base less than 100 Billion need to be have minimum Core Capital Ratio (Tier-I) of 7% and 11% based on the Total Capital Ratio (Tier-II) . This minimum requirement will increase to 8.5% and 12.5% respectively with the effect from 1st July 2022.

The core capital represents the permanent shareholders', equity and reserves created or increase by appropriations of retained earnings or other surpluses and the total capital includes in addition to the core capital, the revaluation reserves, general provisions and other hybrid capital instruments and unsecured subordinated debts.

The Risk Weighted Assets have been calculated by multiplying the value of each category of asset using the risk weight specified by the Central Bank of Sri Lanka.

Details of the computation and the resulting ratios are given below:

	Balance		Risk-Weighted Factor	Risk-Weighted Balance	
As at 31st March	2022	2021		2022	2021
	Rs.	Rs.	%	Rs.	Rs.
Assets					
Risk Weighted Amount for Credit Risk					
Notes and Coins	124,400,706	95,635,726	0%	-	-
Cash Items in the Process of Collection	50,363,730	70,998,226	20%	10,072,746	14,199,645
Fixed Assets	1,090,339,590	956,589,835	100%	1,090,339,590	956,589,835
Other Assets/Exposures	263,409,646	1,079,085,238	100%	263,409,646	1,079,085,238
Investment in Government Securities	1,412,979,204	813,262,057	0%	-	-
Claims on Banks					
AAA to BBB-	823,323,404	60,934,822	20%	164,664,681	12,186,964
Below B-	15,202,592	-	150%	22,803,888	-
Claims on Corporates					
AAA to AA-	15,992,156	-	20%	3,198,431	-
Unrated	41,000	-	100%	41,000	-
Retail claims in respect of motor vehicles and machinery	13,372,894,093	14,097,149,903	100%	13,372,894,093	14,097,149,903
Claims Secured by Gold					
Outstanding claim portion up to 70% of the market value	3,526,048,852	72,516,062	0%	-	-
Remaining outstanding claim portion over 70% of the market value	97,230,297	518,188,357	100%	97,230,297	518,188,357
Retail claims secured by immovable property					
Retail claims that do not qualify for regulatory capital purposes	101,712,550	-	100%	101,712,550	-
Other retail claims	7,991,316,739	6,669,423,507	125%	9,989,145,924	8,336,779,383
Non-performing retail claims secured by immovable property					
Specific provisions are equal or more than 20%	2,972,304	-	50%	1,486,152	-
Other Non-Performing Assets					
Specific provisions are equal or more than 20%	322,042,290	1,012,408,755	100%	322,042,290	1,012,408,755
Specific provisions are less than 20%	40,838,842	-	150%	61,258,263	-
Total Risk - Weighted Assets	29,251,107,995	25,446,192,488		25,500,299,551	26,026,588,080

Notes to the Financial Statements

	Balance		Risk-Weighted Factor	Risk-Weighted Balance	
As at 31st March	2022	2021		2022	2021
	Rs.	Rs.	%	Rs.	Rs.
Risk Weighted Amount for Operational Risk					
Interest Income	4,260,975,533	3,915,057,910	15%	639,146,330	587,258,687
Interest Expenses	(1,916,865,584)	(1,823,242,150)	15%	(287,529,838)	(273,486,323)
Non-interest income	670,248,482	554,035,932	15%	100,537,272	83,105,390
	3,014,358,431	2,645,851,692		452,153,764	396,877,754
Risk-Weighted Amount for operational Risk under the Basic Indicator Approach				4,110,488,769	3,779,788,131
Total Risk - Weighted Assets	32,265,466,425	28,092,044,180		29,610,788,319	29,806,376,211
Total Capital Base Computation					
Stated Capital				1,996,444,457	1,996,444,457
Reserved Fund				234,111,556	203,054,547
Publised Retained Earnings				2,544,091,637	2,118,970,479
Less:-					
Other Intangible Assets (net)				69,458,537	44,414,165
Total Core Capital				4,705,189,113	4,274,055,318
Supplementary Capital				1,733,333,333	-
Total Supplementary Capital				1,733,333,333	-
Capital Base				6,438,522,446	4,274,055,318

Capital Adequacy ratio

As at 31st March		2022	2021
		%	%
Core Capital Ratio	Core Capital/ Risk-Weighted Assets	15.89%	14.34%
Total Capital Ratio	Capital Base/ Risk-Weighted Assets	21.74%	14.34%

37 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.

37.1 Commitments

There were no significant capital commitments which have been approved or contracted for by the Company as at the reporting date except for the following.

Operating Lease commitments

As at 31st March	2022	2021
Within one year	Rs. 10.87 million	Rs. 14.66 million

37.2 Contingencies

- (a) As at 31st March 2022, the Company has provided letters of guarantee totalling to Rs. 3,500,000/- against Fixed Deposits of Rs. 3,705,881/- (As at 31st March 2021, Rs. 3,100,000/- against Fixed Deposit of 7,502,814/-)
- (b) A Case bearing No.404 has been filled against the Company by a customer in the District Court of Ampara claiming Rs.2,000,000 as damages caused by repossessing and selling of the vehicle leased through the Company. The lawyers of the Company are of the view that the ultimate resolution of this litigation would not likely to have a material impact.

37.3 Assets Pledged

Company has given a negative pledge amounting to Rs.13,091,946,588/- over the Company's Lease receivable and Loans for the following banks over Loans, Overdrafts, Securitization and Debentures having a carrying value of Rs.9,753,805,068/- as at 31st March 2022.

			Outstanding Credit Facility	Carrying Value
			Rs.	Rs.
Sampath Bank	130% of the Banks's exposure	Loan	500,000,000	1,040,000,000
		Overdraft Facility	300,000,000	
Commercial Bank	150% of the Banks's exposure	Loan	110,000,000	465,000,000
		Overdraft Facility	200,000,000	
Seylan Bank	130% of the Banks's exposure	Loan	1,608,460,000	2,415,998,000
		Overdraft Facility	250,000,000	
Nations Trust Bank	130% of the Banks's exposure	Loan	1,132,000,000	1,731,600,000
		Overdraft Facility	200,000,000	
National Development Bank	130% of the Banks's exposure	Loan	500,000,000	780,000,000
		Overdraft Facility	100,000,000	
Cargills Bank	130% of the Banks's exposure	Loan	200,000,000	260,000,000
Bank of Ceylon	130% of the Banks's exposure	Loan	1,027,083,313	1,335,208,307
Pan Asia Bank Corporation	130% of the Company exposure	Loan	500,000,000	1,000,000,000
Trustee (Hatton National Bank and National Savings Bank)	130% of the Banks's exposure	Securitization Loans	3,126,261,755	4,064,140,281
			9,753,805,068	13,091,946,588

38 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 except the following:

The Government of Sri Lanka in its Budget for 2022 proposed a one-time tax, referred to as a surcharge tax, at the rate of 25% to be imposed on companies that have earned a taxable income in excess of LK Rs. 2,000 million for the year of assessment 2020/2021. Further, each company of a Group of companies would be liable if the aggregate taxable income of the group exceeds Rs. 2,000 Mn for the Year of Assessment 2020/2021. The Group includes a holding company and its subsidiaries, as at March 31, 2021.

The tax is imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on 7th April 2022. As the law imposing the surcharge tax was enacted after the reporting period ended, the financial statements for the year ended 31 March 2022 do not reflect the tax liability that would arise in consequence, the amount of which is best estimated at Rs. 53,015,894

Notes to the Financial Statements

39 RELATED PARTY TRANSACTIONS

39.1 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.

39.2 Transactions with parent company and affiliate companies

During the year, the company had the following transactions with its parent company and other related entities.

For the Year Ended 31st March		2022	2021
Name of the Company and Relationship	Nature of Transaction	Rs.	Rs.
Hayleys PLC (Ultimate Parent)	Expenses Paid Through Hayleys PLC	74,716,302	33,783,189
	Balance Settlement	75,045,323	35,174,231
Singer (Sri Lanka) PLC (Parent Company)	Withdrawals of Rental Collections From Singer (Sri Lanka) PLC	1,570,000,000	2,308,823,285
	Sales Financed to purchase goods from Singer (Sri Lanka) PLC	14,747,005	414,018,641
	Loans Settled During The Year- Note-28.2.1	-	400,000,000
	Purchase of Assets	53,891,131	270,710
	Interest Income / Expense	12,245,047	17,093,043
	Rental Collections through Singer (Sri Lanka) PLC	2,004,995,826	3,099,750,446
	Service Charge Income	1,563,738	21,093,695
	Collection Commission Paid	17,913,649	23,961,900
	Royalty Expense Charged During The Period	45,561,403	49,523,698
	Rent Reimbursed	11,982,538	18,939,327
	Expenses Paid Through Singer (Sri Lanka) PLC	389,467,077	540,802,958
Singer Industries (Ceylon) PLC (Common Immediate Parent)	Invested in Fixed Deposits	148,877,679	177,966,419
	Deposits Interest Payment (Gross)	12,343,661	17,379,970
	Withdrawal of Fixed Deposit	41,737,083	-
Hayleys Business Solutions International (Pvt) Ltd. (Common Ultimate Parent)	Payroll Processing Charges	1,025,622	-
	Balance Settlement	1,025,622	-
Fentons LTD (Common Ultimate Parent)	Purchased of Assets/ Services Obtained	24,725,341	10,352,538
	Balance Settlement	21,075,437	10,311,698
	Finance Lease Rental Collection	1,941,555	2,294,585
Energynet (Pvt) LTD (Common Ultimate Parent)	Purchased of Assets/ Services Obtained	2,490,000	1,040,744
	Balance Settlement	2,490,000	1,040,744
Ravi Industries LTD (Common Ultimate Parent)	Purchases	1,494,500	1,252,500
	Balance Settlement	1,354,500	1,252,500
Mabroc Teas (Pvt) LTD (Common Ultimate Parent)	Purchases	716,740	784,208
	Balance Settlement	716,740	784,208
The Kingsbury PLC (Common Ultimate Parent)	Purchases	247,400	41,099
	Balance Settlement	247,400	41,099
Amaya Leisure PLC (Common Ultimate Parent)	Finance Lease Granting	-	20,483,245
	Finance Lease Renatal Collection	3,888,000	2,387,439

39.3 Net accommodation outstanding in respect of each category of related parties as a percentage of the Company's capital funds

As at 31st March	2022		2021	
Category of Related Party Transactions	Rs.	Percentage of the Capital Funds	Rs.	Percentage of the Capital Funds
Directors	-	0%	-	0%
KMP	-	0%	-	0%
Directors and their close family members	-	0%	-	0%
Key Management Personnel and their close family members	-	0%	-	0%
Subsidiaries	-	0%	-	0%
Joint Venture	-	0%	-	0%
Entities which Directors and their close family members have a substantial interest	-	0%	-	0%
Government of Sri Lanka/ Entities Controlled, Jointly Controlled, Significantly Influenced by the Government of Sri Lanka	-	0%	-	0%
Subsidiaries of the Immediate Parent and Common Ultimate Parent	15,992,156	0.3%	18,874,457	0.4%

39.4 Disclosures on related party transactions according to the section 9 of the listing rules

During the year the Company has entered in to following recurrent related party transactions which exceed 10% of the gross revenue/income as disclosed below;

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the financial year Rs.	Aggregate value of Related Party Transactions as a % of Gross Revenue %	Terms and Conditions of the Related Party Transactions
Singer (Sri Lanka) PLC	Parent Company	Withdrawals of Rental Collections From Singer (Sri Lanka) PLC	1,570,000,000	29%	Interest rate at the market rate
		Rental Collections through Singer (Sri Lanka) PLC	2,004,995,826	37%	

Notes to the Financial Statements

39.5 The amount due to Singer(Sri Lanka) PLC as at 31 March 2022, are disclosed in Note 28 of the Financial Statements.

39.6 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.

As at 31st March	2022	2021
	Rs.	Rs
(i) Transactions Key Management Personnel or close Family Members		
Deposit kept by Key Management Personnel or their close family members	130,605,934	81,692,712
(ii) Compensation of Key Management Personnel		
Short-Term Employee Benefits	22,855,367	18,045,508
Post-Employment Benefit Paid	-	-

In addition to their salaries the Company provides non-cash benefits to the Key Management Personnel and contributes to a past employment defined benefit plan on their behalf. Directors emoluments are disclosed in Note 10 to the Financial Statements.

(iii) No transaction had been taken place during the year with the parties/entities in which Key Management Personnel or their close family members have control, joint control or significant influence other than disclosed above.

39.7 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.

40 Impact to the Company due to Covid 19 and Corrent Economic Condition

40.1 Impact of COVID-19 on the allowance for expected credit losses

The Company measures the allowance for Expected Credit Losses (ECL) using an expected credit loss impairment model as required by SLFRS 9 Financial Instruments. The Company's accounting policy for the recognition and measurement of the allowance for expected credit losses is described in Note 3.25 to the financial statements for the year ended 31st March 2022.

For facilities subject to the COVID-19 repayment deferral arrangements, an assessment of Significant Increase in Credit Risk (SICR) has been determined, based on various measures, which includes the sectors in which the customers operate categorized into risk categories and the customer's post moratorium payment patterns. SICR is then determined based on the resulting risk categorization. Based on the above characteristics the customers repayment capacity under the COVID-19 outbreak is evaluated and a staging change (significant changes in credit risk or default status) was considered in order to factor the same in the ECL model. There was no material impact to the ECL computation due to the granting of moratoriums.

Sensitivity analysis of the expected credit loss model

The assumptions involved in ECL is highly sensitive to the changes in economic conditions. Given current economic uncertainties and the judgment applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by the Company should be considered as a best estimate within a range of possible estimates.

The table below illustrates the sensitivity of Collectively assessed ECL to the assignment of weightages:

As at 31st March 2022	Total collective impairment	Impact to the statement of profit or loss
	Rs. '000	Rs. '000
Change in weightage		
100% best case scenario	(4,042)	2,139
100% base case scenario	(46,584)	24,654
100% worst case scenario	35,736	(18,913)

Liquidity Risk assessment on COVID-19 impact

The steps taken by the Company to respond to possible future liquidity constraints arising from the COVID-19 pandemic are listed below,

- In June 2021, the Company issued a 5-year unsecured debenture with a face value amounting to Rs.2 Bn.
- During the year, the Company obtained bank borrowing facilities and securitization loans amounting to Rs. 4.15 Bn and 1.5 Bn respectively. (Unutilised bank borrowings as at 31st March 2022 was Rs. 2.17 Bn)

Further, as disclosed in Note 35, the Company has sufficient net current assets to satisfy short-term working capital requirements of the Company.

The global situation on COVID-19 is easing off, and hence the company expects the threat caused by COVID 19 will gradually decline. However, the Management will continue to monitor developments, and will take timely action to mitigate any risks to the financial stability of the Company.

40.2 Impact due to Current Economic Condition

The Company has prepared financial statements for the year ended 31st March 2022 on the basis that it will continue to operate as a going concern. The Company recorded a strong growth in profitability compared to previous year owing the positive customer sentiment and the effectiveness of business strategies adopted by the management.

In determining the basis of preparing the financial statements for the year ended 31st March 2022, based on available information, the management has assessed the prevailing macroeconomic conditions and its impact on the company and the appropriateness of the use of the going concern basis.

The Company is expected to encounter macro-economic challenges such as the continuous devaluation of the rupee, import restrictions, rise in general inflation, depleting of foreign currency reserves, shortage of essential supplies, increase in policy rates and the resultant pressure on disposable income levels of general public.

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

Towards, mitigating this risk, the company has taken steps to focus on asset backed short term lending, applying strict credit guidelines to minimize credit risk, secured additional financing through a broad basing deposit portfolio and floating debt instruments to manage possible liquidity issues. The company has adopted strict cost conservation methods.

Based on these proactive analysis and our operating model, financial strength of the company and the backing of the group, the management is confident that the company has no impact to its business continuity and expects to manage the above challenges effectively.

Parent and Related Companies

Company Name	Principal Activity	Directors
Hayleys PLC	Global Markets and Manufacturing, Agriculture, Power and Energy, domestic and industrial lighting, Transportation and Logistics, Leisure and Aviation, Consumer, and Investments and Services	Mr. Mohan Pandithage
		Mr. Dhammika Perera
		Mr. Sarath Ganegoda
		Mr. Rajitha Kariyawasan
		Dr. Harsha Cabral
		Mr. Ruwan Waidyaratne
		Mr. Hisham Jamaldeen
		Mr. Aravinda Perera
		Ms. Jayanthi Dharmasena
		Mr. Rohan Karunaratne
		Mr. Gamini Gunaratne
Singer (Sri Lanka) PLC	Trading in Sewing Machines, Industrial Machines, Electrical Equipment and Consumer Durables, Personal Computers, Agricultural Equipment and Furniture	Ms. Kawshi Amarasinghe (Alternate Director to Mr. Dhammika Perera)
		Mr. Mohan Pandithage
		Mr. Dhammika Perera
		Mr. Mahesh Wijewardene
		Mr. Deepal Sooriyaarachchi
		Mr. Sarath Ganegoda
		Mr. Dumith Fernando
		Mr. Hisham Jamaldeen
		Mr. Dilip De S. Wijeyeratne
		Ms. Gayani de Alwis
		Mr. Sujeewa Perera
Singer Industries (Ceylon) PLC	Manufacturing and assembling sewing machines.	Ms. Kawshi Amarasinghe
		Mr. Kapila Perera
		Mr. Ramesh Chitrasiri
		Mr. Mohan Pandithage – Chairman
		Mr. Mahesh Wijewardene – Group CEO
		Mr. Hisham Jamaldeen
		Mr. Noel Joseph
		Mr. Gamini Gunaratne
		Mr. Sarath Ganegoda
		Mr. Dilip De S. Wijeyeratne
		Mr. Kelum Kospelawatte
Hayleys Business Solutions International (Pvt) Ltd.	Provision of Business Solutions Services	Mr. Ramesh Chitrasiri (Alternate Director to Mr. Sarath Ganegoda - appointed on 20th April 2022)
		Mr. Roshan Kulasuriya (Alternate Director to Mr. Mahesh Wijewardene - appointed on 20th April 2022)
		Mr. A.M. Pandithage
		Mr. S.C. Ganegoda
		Mr. A. Sivagananathan
		Mr. Mohamed Shuhail Mohamed

Company Name	Principal Activity	Directors
Fentons LTD	Mechanical, Electrical and Plumbing services	Mr. H.P.G.S.E.M. De Alwis Mr. H.C. Prematillake Mr. A.M. Pandithage Mr. S.C. Ganegoda Mr. D. Rangalle Mr. T.G. Thoradeniya Mr. M.Y.A. Perera Mr. R.S.S. Perera Mr. Pamudith Bandulakumara Jayasekara
Energynet (Pvt) LTD	Power Channel and Renewable Energy Distribution Services	Mr. H.P.G.S.E.M. De Alwis Mr. H.C. Prematillake Mr. A.M. Pandithage Mr. S.C. Ganegoda Mr. Pamudith Bandulakumara Jayasekara Mr. R.S.S. Perera
Ravi Industries LTD	Manufacturing and export of Brushes and paint	Mr. A.M. Pandithage Mr. H.S.R. Kariyawasan Mr. L.A.K.I. Kodytuvakku Mr. M.C. Sampath Mr. S.C. Ganegoda Mr. M.M.A.R.P. Goonetilleke
Mabroc Teas (Pvt) LTD	Exporting, Distribution and Installation of Tea machines and Supplying of tea leaves	Mr. A.M. Pandithage Mr. J.A.G. Anandarajah Mr. N.R. Ranatunga Mr. S.C. Hikkaduwege Mr. W.G.R. Rajadurai Mr. S.C. Ganegoda Mr. R.S. Samarasinghe
The Kingsbury PLC	Provision of Hospitality & Leisure Services.	Mr. A.M. Pandithage Mr. I. Jamaldeen Mr. J.P. Van Twest Mr. K.D.D. Perera Mr. L.N. De S. Wijeyeratne Mr. R J Karunarajah Mr. N.J. De S. Deva Aditya Mr. R.N. Ponnambalam Mr. S.C. Ganegoda Mr. S.J. Wijesinghe Ms. A.A.K. Amarasinghe (Alt to Mr.KDDP)
Amaya Leisure PLC	Operators of star class hotels, providing services for management research and development of the hotel chain of the group.	Mr. A.M. Pandithage Mr. W.D. De Costa Mr. K.D.D. Perera Mr. S.C. Ganegoda Mr. R.N. Ponnambalam Mr. S.H. Amarasekera Mr. S.J. Wijesinghe Ms. A.A.K. Amarasinghe (Alt to Mr.KDDP) Mr. D.T.R. De Silva Mr. R.J. Karunarajah

Ten Year Summary

Year Ended 31st March	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Operating Results										
Income	5,486,505	4,713,704	4,598,412	4,129,845	3,277,570	2,610,297	2,113,396	1,986,040	1,894,761	1,755,601
Interest Expense	1,946,514	1,920,500	1,991,392	1,645,624	1,287,378	978,996	688,135	669,413	759,449	742,013
Non-Interest Expense (Personal Cost, Admin and Selling and Impairment)	2,293,752	1,978,715	1,716,842	1,500,361	1,118,830	937,298	696,664	711,726	732,390	669,288
Value Added Tax (VAT), Nation Building Tax (NBT) and Debt Repayment Levy (DRL) on Financial Services	287,570	212,687	259,867	260,956	171,063	125,789	81,784	38,766	28,428	20,908
Profit Before Tax	958,669	601,801	630,310	722,904	700,299	568,214	646,813	566,135	374,493	323,391
Provision for Taxation	337,529	191,674	241,269	181,170	257,153	198,385	205,958	177,469	105,897	66,857
Profit After Tax	621,140	410,127	389,041	541,734	443,146	369,830	440,855	388,666	268,597	256,535
Other Comprehensive Income for the Year, Net of Taxes	(3,303)	(840)	970	(1,290)	(6,506)	1,159	720	1,563	447	-
Total Comprehensive Income for the Year	617,837	409,287	390,011	540,444	436,639	370,988	440,135	387,103	268,149	256,535
Dividends	161,659	-	-	222,281	196,011	175,253	248,000	206,667	107,467	107,467

As at 31st March	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets										
Liquid assets	2,427,991	1,895,119	1,105,660	1,024,006	1,048,590	797,195	666,326	766,506	815,542	402,973
Investments	41	41	41	41	41	41	41	41	41	41
Advances	26,350,003	21,090,544	20,157,566	17,848,131	14,366,433	11,552,460	10,036,295	7,841,541	7,047,463	6,590,722
Other Assets	246,508	260,804	260,166	290,636	210,265	192,113	185,872	141,412	116,219	151,236
Property, Plant and Equipment	444,453	372,602	327,720	221,885	120,587	124,658	111,233	66,728	72,711	53,461
Due From Related Companies	-	418,492	185,522	92,444	336,269	201,865	-	-	-	-
Intangible Assets	69,459	44,414	42,277	46,293	49,420	32,011	36,041	30,728	32,383	25,262
Deffered Tax Assets	78,675	5,207	-	15,632	-	-	-	-	-	33,780
Income Tax Receivable	-	-	-	-	-	-	-	-	-	-
Right-of-use assets / Lease assets	645,887	583,989	468,490	-	-	-	-	-	-	-
Total Assets	30,263,017	24,671,212	22,547,442	19,539,068	16,131,605	12,900,343	11,035,808	8,846,956	8,084,359	7,257,475
Liabilities										
Interest-Bearing Loans and Borrowings	11,377,675	7,772,403	9,846,529	6,631,191	4,990,518	5,493,345	3,978,929	1,592,323	1,325,231	1,009,276
Deposit from customers	12,295,391	10,643,164	7,175,552	6,095,816	5,356,078	3,210,548	3,173,767	4,150,193	4,277,335	3,318,927
Amount due to Related companies	72,461	455,906	404,512	1,001,570	1,465,346	771,235	421,199	51,325	28,679	661,651
Retirement Benefit Obligations	101,458	83,245	73,397	63,118	55,213	36,842	30,515	22,369	14,947	11,521
Deffered Tax Liability	-	-	77,364	-	154,876	39,942	54,345	31,972	14,543	34,755
Other Liabilities	919,494	782,747	584,903	2,203,438	774,462	627,817	779,425	634,614	339,100	297,504
Lease Liabilities	721,891	615,278	476,003	-	-	-	-	-	-	-
Total Liabilities	25,488,370	20,352,743	18,638,260	15,995,133	12,796,493	10,179,729	8,438,180	6,482,796	5,999,835	5,333,634

Equity										
Stated Capital	1,996,444	1,996,444	1,996,444	1,996,444	1,994,455	1,445,333	1,445,333	1,445,333	1,445,333	1,445,333
Statutory Reserves	234,112	203,055	182,548	163,096	136,009	113,852	95,361	73,318	136,128	108,437
Retained Earnings	2,544,091	2,118,970	1,730,190	1,384,395	1,204,648	1,161,431	1,056,934	845,509	503,063	370,071
Total Equity	4,774,647	4,318,469	3,909,182	3,543,935	3,335,112	2,720,616	2,597,628	2,364,160	2,084,524	1,923,841

Total Liabilities and Equity	30,263,017	24,671,212	22,547,442	19,539,068	16,131,605	12,900,345	11,035,808	8,846,956	8,084,359	7,257,475
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Investor Information										
Gross Dividend (Rs.)	161,659	-	-	222,281	196,011	175,253	248,000	206,667	107,467	107,467
Dividend per share (Rs.)	0.80	-	-	1.10	0.97	1.06	1.50	1.25	0.65	0.65
Dividend Cover (Times)	3.84	-	-	2.44	2.26	2.11	1.78	1.88	2.50	2.39
Net Assets Per Share (Rs.)	23.63	21.37	19.35	17.54	16.50	16.46	15.71	14.30	12.61	13.17
Market Price Per Share (Rs.)										
-Maximum	20.30	19.40	14.70	16.40	21.00	23.60	27.90	21.40	15.70	18.50
Market Price Per Share (Rs.) -Minimum	12.90	7.40	8.00	12.50	14.90	16.60	16.50	12.00	10.50	10.90
Price as at Year End (Rs.)	13.50	13.70	8.60	12.60	15.40	17.10	18.10	18.30	12.10	12.60
Price Earning Ratio (Times)	4.39	6.75	4.47	4.70	6.11	7.63	6.79	7.78	7.45	7.18
Earning Per Share (After Tax)	3.07	2.03	1.93	2.68	2.52	2.24	2.67	2.35	1.62	1.76

Ratios										
Annual Income Growth (%)	16.39	2.51	11.35	26.00	25.56	23.51	6.41	4.82	7.93	37.44
Growth In Interest Expenses (%)	1.35	(3.56)	21.01	27.83	31.50	42.27	2.80	(11.86)	2.35	81.97
Growth In Non Interest Expenses (%)	15.92	15.25	14.43	34.10	19.37	34.54	(2.12)	(2.82)	9.43	20.11
Growth In Profit after tax (%)	51.45	5.42	(28.19)	22.25	19.82	(16.11)	13.43	44.70	4.70	18.94
Growth In Advances (%)	24.94	4.63	12.94	24.23	24.36	15.11	27.99	11.27	6.93	6.60
Growth In Deposits (%)	15.52	48.33	17.71	13.81	66.83	1.16	(23.53)	(2.97)	28.88	21.08
Growth In Shareholder's Fund (%)	10.56	10.47	10.31	6.26	22.59	4.73	9.88	13.41	8.35	72.99
Equity:Assets (%)	15.78	17.50	17.34	18.14	20.67	21.09	23.54	26.72	25.78	26.51
Debt:Equity (Times)	4.96	4.26	4.46	3.87	3.40	3.38	2.92	2.45	2.70	2.59

Quarterly Financial Statements

Income Statement - Company

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
For the 3 months ended	30.06.2020	30.06.2021	30.09.2020	30.09.2021	31.12.2020	31.12.2021	31.03.2021	31.03.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross Income	1,207,823	1,179,989	1,091,766	1,322,197	1,165,619	1,420,311	1,248,496	1,564,008
Interest Income	1,170,703	1,124,666	1,007,357	1,244,284	1,094,261	1,334,859	1,156,164	1,409,624
Less: Interest Expense	514,231	443,439	480,215	476,236	460,032	488,723	466,022	538,116
Net Interest Income	656,472	681,227	527,142	768,048	634,229	846,136	690,142	871,508
Fee and Commission Income	34,906	48,321	75,558	72,266	59,692	78,168	66,509	94,274
Trading Income	-	1	-	30	-	16	22	86
Other Operating Income	2,214	7,001	8,851	5,617	11,666	7,268	25,801	60,024
Total Operating Income	693,592	736,550	611,551	845,961	705,587	931,588	782,474	1,025,892
Less: Allowances for Impairment charges for Loan and Other Losses	307,970	159,514	6,149	143,873	165,910	75,724	2,517	33,615
Net Operating Income	385,622	577,036	605,402	702,088	539,677	855,864	779,957	992,277
Less:- Operating Expenses								
Staff Cost	124,474	177,693	156,406	188,351	171,279	234,554	242,557	264,626
Administration Expenses	136,982	183,407	178,934	189,900	170,008	210,516	199,921	239,705
Selling Expenses	7,110	35,256	33,725	37,960	32,196	48,091	42,578	70,967
Operating Profit Before VAT, NBT and DRL	117,056	180,680	236,337	285,877	166,194	362,703	294,901	416,979
Less: Value Added Tax, NBT on Financial Services and DRL	33,760	48,638	56,018	61,996	48,552	77,338	74,357	99,598
Profit Before Tax	83,296	132,042	180,319	223,881	117,642	285,365	220,544	317,381
Less: Income Tax expense	26,655	46,316	62,623	76,794	31,430	97,816	70,966	116,603
Net profit for the Period	56,641	85,726	117,696	147,087	86,212	187,549	149,578	200,778

Quarterly Financial Statements

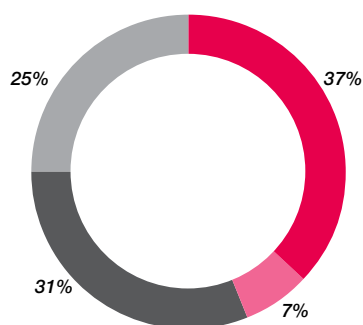
Statement of financial Position - Company

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
As at	30.06.2020	30.06.2021	30.09.2020	30.09.2021	31.12.2020	31.12.2021	31.03.2021	31.03.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS								
Cash and Cash Equivalents	782,939	625,571	1,295,706	361,248	1,743,015	714,309	1,020,922	837,562
Placement with Banks	59,920	60,901	80,633	120,747	80,476	171,490	60,935	177,450
Hire Purchase Receivables	3,589	218	-	218	-	218	-	-
Finance Lease Receivables	14,554,309	13,649,792	14,805,043	13,419,654	13,900,519	13,247,336	13,714,434	12,954,049
Loans and Advances	4,756,803	7,755,485	5,653,602	9,913,485	6,536,060	11,836,299	7,376,110	13,395,955
Financial Instruments - Available-for-Sale	41	41	41	41	41	41	41	41
Financial Instruments - Held-to-Maturity	636,529	2,819,056	599,109	1,840,143	668,039	1,401,174	813,262	1,412,979
Due From Related Companies	503,699	465,877	277,238	516,636	323,932	250,042	418,492	-
Deferred Tax Assets	-	8,266	-	9,060	-	61,901	5,207	78,675
Intangible Assets	40,700	43,246	39,123	74,275	43,066	71,750	44,414	69,459
Property, Plant and Equipment	326,616	368,960	336,584	365,784	343,273	375,710	372,602	444,453
Right-of-use assets / Lease assets	451,072	565,322	459,009	542,221	531,374	610,388	583,989	645,887
Other Assets	238,865	261,552	231,121	255,455	322,393	310,347	260,803	246,507
Total Assets	22,355,082	26,624,287	23,777,209	27,418,967	24,492,188	29,051,005	24,671,211	30,263,017
LIABILITIES								
Other Financial Liabilities								
Due to Customers	7,413,830	11,855,362	8,311,615	12,337,007	9,597,690	12,502,303	10,643,165	12,295,391
Interest Bearing Loans and Borrowings	9,741,637	8,350,072	9,650,915	7,667,892	8,673,197	9,856,329	7,470,668	10,777,766
Lease Liabilities	484,757	622,420	498,349	592,793	582,561	667,880	615,278	721,891
Due To Related Companies	5,158	238,342	113,911	316,996	260,306	290,309	455,906	72,461
Bank Overdraft	179,604	374,497	466,116	1,318,933	401,235	315,816	301,734	599,909
Current Tax Liabilities	109,582	191,502	85,627	86,961	72,372	182,831	196,222	260,378
Deferred Tax Liabilities	77,364	-	77,364	-	77,364	-	-	-
Retirement Benefit Obligations	79,017	88,987	84,475	92,977	90,350	97,035	83,245	101,458
Other Liabilities	298,309	660,569	405,318	615,785	567,381	561,331	586,524	659,116
Total Liabilities	18,389,258	22,381,751	19,693,690	23,029,344	20,322,456	24,473,834	20,352,742	25,488,370
EQUITY								
Stated Capital	1,996,444	1,996,444	1,996,444	1,996,444	1,996,444	1,996,444	1,996,444	1,996,444
Reserve Fund	182,549	203,055	182,549	203,055	182,549	203,055	203,055	234,112
Retained Earnings	1,786,831	2,043,037	1,904,526	2,190,124	1,990,739	2,377,672	2,118,970	2,544,091
Total Equity	3,965,824	4,242,536	4,083,519	4,389,623	4,169,732	4,577,171	4,318,469	4,774,647
Total Liabilities and Equity	22,355,082	26,624,287	23,777,209	27,418,967	24,492,188	29,051,005	24,671,211	30,263,017

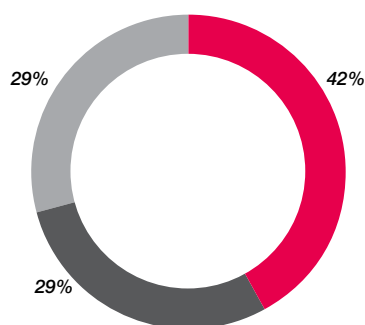
Value Added Statement

Year Ended 31st March	2022		2021	
	Rs.		Rs.	
Income earned by providing financial services	5,113,432,730		4,428,484,685	
Cost of Services	(2,791,623,362)		(2,545,852,836)	
Value added by financial services	2,321,809,368		1,882,631,849	
Non-financial income	373,072,326		285,219,107	
Provision for Impairment Losses	(412,726,480)		(482,546,340)	
	2,282,155,214		1,685,304,616	
Value Allocated				
To employees as remuneration	847,223,030	37%	715,807,091	42%
To shareholders as dividend	161,659,260	7%	-	0%
To government as tax				
- Income Tax	409,953,852	18%	273,979,408	16%
- FS VAT	287,570,371	13%	212,687,011	13%
To business expansion and growth				
- as Depreciation	188,692,951	8%	155,009,985	9%
- as Retained earnings	459,480,909	20%	410,126,924	24%
- as Deferred Taxation	(72,425,159)	-3%	(82,305,803)	-4%
	2,282,155,214	100%	1,685,304,616	100%

Value Distribution 2021/2022



Value Distribution 2020/2021



- To business expansion and growth
- To government as tax
- To shareholders as dividend
- To employees as remuneration

Share Information

1. Stated Capital

As at 31st March	2022	2021
Issued and Fully-paid Capital (Rs.)	1,996,444,457	1,996,444,457
Number of Shares	202,074,075	202,074,075
Class of Shares	Ordinary Shares	
Voting Rights	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	2022	2021
Name of the Director	No. of Shares	No. of Shares
Mr. Aravinda Perera	-	-
Mr. Jayanth Perera	-	-
Mr. Priyath Salgado (resigned w.e.f. 7th August 2021)	12,224	12,224
Mr. Ranil De Silva	-	-
Ms. Darshini Talpahewa	-	-
Mr. Sadeep Perera	-	-
Mr. Mahesh Wijewardene	-	-
Mr. Thushan Amarasuriya (CEO)	50,155	50,155
Mr. Saman Herath (appointed on 2nd September 2021)	-	-

4. Analysis of Shareholders according to the Number of Shares as at 31st March 2022

No. of Shareholders: 31st March 2022 - 6,131 (31st March 2021 - 6,531)

		Resident Shareholders			Non Resident Shareholders			Total Shareholders		
		No. of Share holders	No. of Shares	%	No. of Share holders	No. of Shares	%	No. of Share holders	No. of Shares	%
1 - 1,000	Shares	4,458	1,844,996	0.91	15	9,610	0.00	4,473	1,854,606	0.91
1,001 - 10,000	Shares	1,289	4,387,634	2.17	7	29,722	0.02	1,296	4,417,356	2.19
10,001 - 100,000	Shares	304	9,403,704	4.65	6	192,000	0.10	310	9,595,704	4.75
100,001 - 1,000,000	Shares	44	11,094,162	5.49	1	200,000	0.10	45	11,294,162	5.59
Over 1,000,000	Shares	6	173,462,247	85.84	1	1,450,000	0.72	7	174,912,247	86.56
Total		6,101	200,192,743	99.06	30	1,881,332	0.94	6,131	202,074,075	100.00

5. Analysis of Shares

As at 31st March	2022		2021	
Categories of Shares	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares
Individuals	5,962	24,672,996	6,349	26,045,420
Institutions	169	177,401,079	182	176,028,655
Total	6,131	202,074,075	6,531	202,074,075

6. Market Value Per Share

For the Year Ended 31st March	2022		2021	
	Rs.	Date	Rs.	Date
Highest Value per share during the Year	20.30	3rd January 2022	19.40	25th January 2021
Lowest Value per share during the Year	12.90	31st March 2022	7.40	12th May 2020
Closing Price	13.00	31st March 2022	13.70	31st March 2021

7. Dividends

Interim Dividend - Nil (2020/21 - Rs. 0.80)

Dividend Pay out Ratio % 2021/22 - Nil (2020/21 - 40%)

Final Dividend 2021/22 - Nil (2020/21 - Nil)

8. Twenty Largest Shareholders

As at 31st March	2022	
Name of 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 Associated Electrical Corporation Ltd	3,147,500	1.56
4 Mr. Amarakoon Mudiyanse Weerasinghe	3,100,000	1.53
5 Sandwave Limited	1,450,000	0.72
6 Mr. Atapattu Mudiyanse Chandrasoma Sunil Atapattu	1,241,756	0.61
7 Mr. Mark Lawrence Ajit Benedict	1,019,078	0.50
8 United Motors Lanka PLC	679,224	0.34
9 Mr. Subramaniam Vasudevan and Mrs. V. Saraswathi	625,000	0.31
10 Mr. Ram Pritamdas, Mr. D. Pritamdas and Miss. L.P. Hathiramani	605,000	0.30
11 People's Leasing and Finance PLC/L.P. Hapangama	592,357	0.29
12 Mrs. Vasudevan Saraswathi and Mr. S. Vasudevan	550,000	0.27
13 Unimo Enterprises Ltd	521,885	0.26
14 Mr. Dadimuni Chatura Pavitra De Silva Siriwardane	480,152	0.24
15 A E C Properties (Pvt) Ltd.	440,000	0.22
16 Hatton National Bank PLC/Arunasalam Sithampalam	420,944	0.21
17 Mr. Loku Narangodage Sarath Kumara Samarasinghe	355,000	0.18
18 Mercantile Investments and Finance PLC	296,760	0.15
19 Dialog Finance PLC/ M.M. Faud	290,000	0.14
20 Mr. Vidyaratne Ganitaguruge Kulatunge Vidyaratne	250,555	0.12
	181,019,124	89.58
Others	21,054,951	10.42
	202,074,075	100.00

There were no non-voting shares as at 31st March 2022.

Share Information

As at 31st March		2021	
Name of 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	Associated Electrical Corporation Ltd	3,147,500	1.56
4	Mr. Amarakoon Mudiyanse Weerasinghe	1,000,000	0.49
5	Mr. Mark Lawrence Ajit Benedict	951,922	0.47
6	Mr. Atapattu Mudiyanse Chandrasoma Sunil Atapattu	743,264	0.37
7	Mr. Sandun Thushara Hettige Don	711,000	0.35
8	United Motors Lanka PLC	679,224	0.34
9	Mr. Subramaniam Vasudevan and Mrs. V. Saraswathi	625,000	0.31
10	Mrs. Hemalatha Gracelin Elizabeth Arumugampillai	590,000	0.29
11	Hatton National Bank PLC/Shakir Asgerally Lukmanjee	569,867	0.28
12	Mr. Dadimuni Chatura Pavitra De Silva Siriwardane	550,152	0.27
13	Mrs. Vasudevan Saraswathi and Mr. S. Vasudevan	550,000	0.27
14	Unimo Enterprises Ltd	521,885	0.26
15	People's Leasing and Finance PLC/L.P. Hapangama	473,202	0.23
16	A E C Properties (Pvt) Ltd.	440,000	0.22
17	Hatton National Bank PLC/Arunasalam Sithampalam	420,944	0.21
18	Mr. Ram Pritamdas, Mr. D. Pritamdas and Miss. L.P. Hathiramani	415,723	0.20
19	Mr. Loku Narangodage Sarath Kumara Samarasinghe	355,000	0.18
20	Mr. Annesly Roshan Hettiarachchi	314,690	0.16
		178,013,286	88.09
Others		24,060,789	11.91
		202,074,075	100.00

Public Holdings

Public holding as at 31st March 2022 is 20.05% (31st March 2021 is 20.04%)

No. of Shareholders representing public holding - 6,129

Float Adjusted Market Capitalization as at 31st March 2022 is Rs. 526,706,076.49

The Company complies with option 5 of the Listing Rule 7.14.1 (a) - which requires a minimum public Holding of 20% for a Company having a float adjusted market capitalisation of less than Rs. 2.5Bn.

10. Share Trading

For the Year Ended 31st March	2022	2021
Number of Transactions	9,804	8,791
Number of Shares Traded	22,559,876	22,072,449
Value of Shares Traded (Rs.)	367,996,662	318,291,863

11. Record of Scrip Issues

Year Ended 31st March	Issue	Basis	No.of shares	Share Capital Rs.000
2011	Prior to Public Issue	-	80,000,000	400,000
2011	Initial Public Issue	-	106,666,667	800,000
2012	Rights Issue (at Rs.11.20)	1 : 0.55	165,333,334	1,445,333
2018	Rights Issue (at Rs.15.00)	1 : 0.22	202,074,075	1,996,444

12. Listed Debentures

Type	Face Value Rs.	Interest Frequency	Interest Rate	Date of Allotment	Maturity Date	Interest rate of Comparable Government Securities
2020- Type - A	753,000,000	Annually	13%	09-Apr.-2020	10-Apr.-2023	as at 15th April 2020 was 8.5%
2020- Type - B	250,000,000	Semi - annually	6 Month T-Bill rate +3.75% P.A	09-Apr.-2020	10-Apr.-2023	as at 15th April 2020 was 8.5%
2020- Type - C	5,000,000	Annually	13.25%	19-May.-2020	19-May.-2025	as at 15th April 2020 was 8.7%
2021- Type - A	583,220,000	Annually	9.25%	25-June-2021	25-June-2026	as at 15th June 2021 was 7.31%
2021- Type - B	1,416,780,000	Annually	1 Year T-Bill Rate +3.75% P.A	25-June-2021	25-June-2026	as at 15th June 2021 was 7.31%

Interest rate of Comparable Government Securities as at 31st March 2022 were 9.36% (2 Years Treasury Bond) and 11.92% (05 Years Treasury Bond)

The Listed Debentures were not traded during the period 1st April 2021 to 31st March 2022. Therefore, Highest Traded Price, Lowest Traded Price, Last Traded Price as at 31st March 2022, Interest Yield and Yield to Maturity of trade were not available.

12.1 Debenture Proceeds Utilization as at 31st March 2022

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	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	over subscription of the initial issue						

Glossary of Financial Terms

A

Accounting Policies

Specifies principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

Accrual Basis

Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

Accrual Gain/(Loss)

Gain or loss arising from the difference between estimates and actual experience in an entity's pension plan.

Amortised Cost

Amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction for impairment or uncollectability.

Amortization

The expense of writing off over a fixed period, the initial value of Intangible assets such as goodwill, patents etc.

B

Basis Points

One hundred of a percentage point (0.01 per cent); 100 basis points is 1 percentage points: Used in quoting movements in interest rates or yields on securities.

Borrowings

All interest bearing liabilities.

C

Capital Adequacy Ratio

The relationship between capital and the risk weighted assets as prescribed by the Central Bank of Sri Lanka developed by modifying international best practices on maintenance of capital for financial Institutions, to suit the local requirements.

Capital Employed

Total assets less interest free liabilities, deferred income and provisions.

Cash Equivalents

Liquid investments with original maturity periods of three month or less.

Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

Collectively Assessed Impairment

Impairment assessment on a collective basis for homogeneous groups of loans that are not considered individually significant and to cover losses which have been incurred but have not yet been identified on loans subject to individual assessment.

Commitment

Credit facilities approved but not yet utilised by the clients as at the reporting date and the Operating Lease Commitments.

Cost/Income Ratio

Personnel cost, Administration and selling expenses, Depreciation and Amortization as percentage of total operating Income.

Contingencies

A condition or situation existing at reporting date where the ultimate outcome of which, gain or loss, will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Contingent Liabilities

Conditions or situations at the reporting date the financial effect of which are to be determined by future events which may or may not occur.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and other.

Corporate Sustainability

A Business approach that creates long term consumer and employee value by creating a 'green' strategy aimed toward the natural environment and taking into consideration every dimension of how a business operates in the social, cultural and economic environment.

Credit Rating

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

Customer Deposits

Money deposited by account holders. Such funds are recorded as liabilities.

D**Debt**

Total liabilities, excluding deferred income.

Deferred Taxation

The net tax effect on items which have been included in the income statement, which would only qualify for inclusion on a tax return at a future date.

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

De recognition

Removal of a previously recognised financial asset or liability from an entity's Statement of Financial Position.

Discount Rate

A rate used to place a current value on future cash flows. It is needed to reflect the fact that money has a time value.

Dividend Cover

Profit attributable to ordinary shareholders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

Dividend Payout Ratio

Dividend by profit after tax; indicates the percentage of earnings paid out to shareholders as dividends.

Dividend Per Share (DPS)

Value of the total dividend paid out and proposed to ordinary shareholders divided by the number of ordinary shares in issue; indicates the proportion of current year's dividend attributable to an ordinary share in issue.

E**Effective Interest Rate (EIR)**

Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Earnings per share (EPS)

Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

Effective Tax Rate

Provision for taxation excluding deferred tax expressed as a percentage of the profit before taxation.

Equity

Shareholders' fund.

Events after the Reporting Period

Transactions that are not recognised as assets or liabilities in the Statement of Financial Position, but which give rise to the contingencies and commitments.

Expected Credit Losses (ECL)

ECL approach is the loan loss impairment method under SLFRS 9 on "Financial Instruments". ECLs are the discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). ECL measurements are unbiased and are determined by evaluating a range of possible outcomes.

Exposure

A claim, contingent claim or position which carries a risk of financial loss.

F**Fair Value**

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transactions.

Financial Assets

Any asset that is cash, equity instrument of another entity, a contractual right to receive cash or contractual right to receive another financial asset from another entity.

Financial Instrument

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

Financial Assets Measured at Amortised Cost

A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

FVOCI include debt and equity instruments measured at fair value through other comprehensive income. A debt instrument is measured at FVOCI, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal

Glossary of Financial Terms

amount outstanding. Equity investments may be irrevocably classified as FVOCI when they meet the definition of Equity under LKAS 32 Financial Instruments: Presentation, and are not held for trading.

Financial Liabilities

A contractual obligation to deliver cash or other financial assets to another entity to exchange assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Finance Lease

A lease in which the lessee acquires all the financial benefits and risks attaching to ownership of the asset under lease.

G

Global Reporting Initiative

GRI is a leading organisation in the sustainability filed. GRI promotes the use of sustainability reporting as a way for organisation to become more sustainable and contribute to sustainable development.

Going Concern

The Financial Statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

Gross Dividend

Portion of profits inclusive of tax withheld, distributed to shareholders.

Gross Non Performing Advances

A loan placed on a cash basis (i.e., Interest Income is only recognized when cash is actually collected) after when six instalments or more are overdue, as there is reasonable doubt regarding the collectability of its instalments of capital and interest.

Guarantees

An assurance made by a third party (Guarantor) who is not a party to contract between two others, that the guarantor will be liable if the Guarantee fails to fulfil the contractual obligation.

H

Hire Purchase

A contract between hirer and financier where the hirer takes on hire a particular article from the financier, with the option to purchase the article at the conclusion of the agreed rental payments.

I

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Impairment Allowances

Impairment allowances are provisions held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred loss. An impairment allowance may either be identified or unidentified and individual (specific) or collective (portfolio).

Impairment Charge/Reversal

An increase/(decrease) of the difference between the carrying value of an asset and the sum of discounted future cash flows generating from the same asset compared to the previous reporting date.

Intangible Asset

An identifiable non-monetary asset without physical substance.

Integrated Reporting

A methodology of reporting an organisation's strategy, governance, financial performance and prospects in relation to the creation of value over the short, medium and long-term in its economic, social and environmental context.

Interest Cover

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

K

Key Management Personnel

People those who are having authority and responsibility for planning, directing and controlling the activities of the entity.

L

Lending Portfolio

Total value of lending products net of unearned income, amounts received in advance and allowance for impairment.

Lifetime Expected Credit Losses (LTECL)

Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. According to SLFRS 9 on "Financial instruments", the ECL allowance should be based on LTECL unless there has been no significant increase in credit risk since origination.

Liquid Assets Ratio

Assets that are held in cash or in a form that can be converted to cash readily (as prescribed by the Central Bank of Sri Lanka) divided by the total deposits and unsecured borrowings.

Loans and Receivable

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those intends to sell immediately or in the near term and designated as fair value through profit or loss or available-for-sale on initial recognition.

Loss Given Default (LGD)

LGD is the percentage of an exposure that a lender expects to lose in the event of obligor default.

M

Market Capitalisation

Number of ordinary shares in issue multiplied by the market value of a share as at a date.

Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

N

Net Assets Per Share

Shareholders fund divided by total number of ordinary shares in issue. A basis of share valuation.

Net Interest Income (NII)

The difference between the amount a Company earns on assets such as loans and securities and the amount it pays on liabilities such as deposits, refinance funds and bank borrowings.

Net Interest Margin (NIM)

The margin is expressed as net interest income divided by average interest earning assets.

NPL Ratio

Total non-performing loans as a percentage of the total lending portfolio

O

Operational Risk

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

P

Parent

A parent is an entity which has one or more subsidiaries.

Price Earnings Ratio

Market price of share divided by earnings per share as reported at that date

Probability of Default (PD)

PD is an internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation.

R

Related Parties

Parties who could control or significantly influence the financial and operating policies of the business.

Return On Average Assets (ROA)

Profit after tax expressed as a percentage of the average assets.

Return on Average Equity (ROE)

Attributable profits divided by average shareholders' funds.

Revenue Reserves

Reserves considered as being available for distributions and investments.

Right of Use of Assets (ROU)

An asset that represents a lessee's right to use an underlying asset for the lease term.

Risk Weighted Assets

On balance sheet assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

S

Segment

Constituent business units grouped in terms of similarity of operations and location.

Significant Increase in Credit Risk (SICR)

According to SLFRS 9, an entity should assess whether the risk of default on a financial instrument has increased significantly since initial recognition. The assessment should consider reasonable and supportable information that is relevant and available without undue cost or effort. There is a rebuttable presumption in the Standard that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due.

Glossary of Financial Terms

Supplementary Capital

Supplementary capital that consist of revaluation reserves, general provisions and debt instruments such as subordinated term debts and other hybrid capital instruments that combine characteristics of equity and debt.

T

Twelve Month Expected Credit Losses (12 Month ECL)

The portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

U

Useful Life

The period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by an entity.

V

Value Added

Wealth created by providing banking and other services less the cost of providing such services. The value added is allocated among the employees, the providers of capital, to government by way of taxes and retained for expansion and growth.

W

Working Capital

Capital required to finance the day to day operations computed as the excess of current assets over current liabilities.

Y

Yield To Maturity

Discount rate at which the present value of future cash flows would equals the security's current price.

ABBREVIATIONS

ED - Executive Director

IND - Independent Director

INED - Independent Non-Executive Director

NED - Non-Executive Director

Senior INED - Senior Independent Non-Executive Director

NBFI - Non Banking Financial Institutions

Notice of Annual General Meeting

SINGER FINANCE (LANKA) PLC

[Company Registration No. PB 813 PQ]

NOTICE IS HEREBY GIVEN THAT THE FIFTEENTH ANNUAL GENERAL MEETING OF SINGER FINANCE (LANKA) PLC will be held on Wednesday, 29th June 2022 at 10.00 a.m. via an online meeting platform 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 2022 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 Article 24(4) of the Articles of Association of the Company.
3. To re-elect as a Director Mr. Jayanth Perera who retires by rotation at the Annual General Meeting in terms of Article 24(4) of the Articles of Association of the Company.
4. To re-elect as a Director Mr. Saman Herath, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 24(9) of the Articles of Association of the Company.
5. To authorise the Directors to determine donations and contributions to charities for the ensuing year.
6. To re-appoint Messrs KPMG, Chartered Accountants as the Auditors of the Company for the year 2022/23 and to authorise the Directors to determine their remuneration.
7. To consider any other business of which due notice has been given.

By Order of the Board

SINGER FINANCE (LANKA) PLC

HAYLEYS GROUP SERVICES (PRIVATE) LIMITED

Secretaries

Colombo

1st June 2022.

Notes:

1. The Annual Report of the Company for 2021/22 is available on the corporate website www.singerfinance.com and on the Colombo Stock Exchange website - www.cse.lk
2. In the interest of protecting public health the Annual General Meeting of the Company will be held as a virtual meeting via an online meeting platform. Details are given in the circular to shareholders.
3. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to sinfinagm@secretarial.hayleys.com not less than forty-eight (48) hours before the time fixed for the Meeting.

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 Fifteenth Annual General Meeting of the Company to be held on Wednesday, 29th June 2022 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
1. To adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2022 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 Article 24(4) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as a Director Mr. Jayanth Perera who retires by rotation at the Annual General Meeting in terms of Article 24(4) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as a Director Mr. Saman Herath, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 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 re-appoint Messrs KPMG, Chartered Accountants as the Auditors of the Company for the year 2022/23 and to authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>

(**) The proxy may vote as he thinks fit on any other resolution brought before the meeting of which due notice has been given.

As witness my/our* hands this day of2022.

Witness : Signature :

Name :

Address :

NIC No :

Signature of Shareholder

- Notes:**
- (a) * Please delete the inappropriate words.
 - (b) A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/her and the Proxy need not be a Shareholder of the Company.
** Full name of Shareholder/Proxy holder and their NIC Nos. and Witness are mandatory. Your Proxy Form will be rejected if these details are not completed.
 - (c) A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
 - (d) Instructions are noted on the reverse hereof.
 - (e) This Form of Proxy is in terms of the Articles of Association of the Company.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION:

1. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Private) Limited at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to sinfinagm@secretarial.hayleys.com not less than forty eight (48) hours before the start of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly sign and fill in the date of signing.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your proxy, please insert the relevant details at (1) overleaf. The proxy need not be a member of the Company.
4. Please indicate with an "X" in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy at his discretion will vote as he thinks fit. Please also delete (***) if you do not wish your proxy to vote as he thinks fit on any other resolution brought before the Meeting.
5. In the Case of a Company/Corporation the proxy must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association or by a duly authorised Director. In the case of the individual shareholders, the signature of the shareholder should be witnessed by any person over 18 years of age.
6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
7. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective 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 Secretaries by filling this form:

Hayleys Group Services (Private) Limited,

Company Secretaries for Singer Finance (Lanka) PLC,
No. 400, Deans Road,
Colombo 10,
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
Management Discussion and Analysis	<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
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Corporate Information

Name of the Company

Singer Finance (Lanka) PLC

Legal Form

A public limited liability company incorporated in Sri Lanka on 19th April 2004 under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 on 16th December 2008. Shares of the Company are listed on the main board of Colombo Stock Exchange on 17th January 2011.

Approved Credit Agency

Under Mortgage Act No. 06 of 1949 and Trust Receipt Ordinance No. 12 of 1947.

Auditors

KPMG

Chartered Accountants
No.32A,
Sir Mahamed Macan Markar Mawatha,
P.O.Box 186, Colombo 03.

Registrars

Hayleys Group Services (Private) Limited

No. 400, Deans Road, Colombo 10

Secretaries

Hayleys Group Services (Private) Limited

No. 400, Deans Road, Colombo 10.

Lawyers

Neelakandan & Neelakandan

Attorneys-at-Law & Notaries Public
M&N Building (Level 5),
No.02, Deal Place,
Colombo 03.

Directorate

Mr. Aravinda Perera - Chairman/NED

Mr. Jayanth Perera - Senior INED

Mr. Thushan Amarasuriya - CEO/ED

Ms. Darshini Talpawewa - NED

Mr. Mahesh Wijewardene - NED

Mr. Sadeep Perera - NED

Mr. Ranil De Silva - INED

Mr. Saman Herath - INED

Senior Management

Mr. Thushan Amarasuriya

Chief Executive Officer

Mr. Iman Perera

Chief Operating Officer

Ms. Chandrika Alwis

Consultant to the Chairman

Mr. Eraj Fernando

Head of Finance

Mr. Thilan Rupasinghe

Head of Treasury and Digital Transformation

Mr. Jeevaka Jayawardena

Senior Manager - Credit

Mr. Joe Wijeyagoonewardene

Head of Deposits

Mr. Suranga Jayaweera

Senior Manager - Compliance

Ms. Harshani Mapatuna

Head of Legal

Mr. Niranjana Sethunga

Head of Recoveries

Accounting Year

31st March

Registered Office

No. 498, R. A De Mel Mawatha, Colombo 03.

Telephone : 94-11-2400400 Fax : 94-11-2303715

E-mail : financecompany@singersl.com

Company registration Number

Old - N (PBS) 1171 New - PB 813 PQ

Tax Payer Identification Number

134011718

Bankers

Bank of Ceylon

Commercial Bank of Ceylon PLC

Deutsche Bank

Hatton National Bank PLC

National Development Bank PLC

Nations Trust Bank PLC

Sampath Bank PLC

Seylan Bank PLC

Muslim Commercial Bank

Cargills Bank

Pan Asia Banking Corporation PLC

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