

SINGER FINANCE



PURPOSEFUL STRIDES

SINGER FINANCE

PURPOSEFUL STRIDES

With a strong and resolute commitment, we moved ahead with conviction defying insurmountable odds that engulfed the operating environment. During the year, we strengthened and fortified our geographical reach with 50 branches enabling us to serve Sri Lankans across the island. The phenomenal increase in our fixed deposit portfolio validates the trust and stability that we have garnered in the financial services sphere. This strong bedrock of strength that was developed has enabled us to navigate through short-term challenges whilst preparing us to harness future opportunities.

Our purposeful strides thus far powered by the spirit of our dedicated team positions us to create sustainable value to our stakeholders for now and beyond.

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ABOUT US

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

Vision

To be the foremost Finance Company in Sri Lanka.

Mission

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

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



About Us

Overview of the Company

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

Over the years, we have steadily expanded and diversified our product offerings whilst deepening our outreach with a network of 50 branches. The Company is a subsidiary of Singer (Sri Lanka) PLC, Sri Lanka's premier manufacturer and retailer of consumer durables which is a part of the Hayleys Group, one of Sri Lanka's largest and most diversified conglomerates. We draw strength of this lineage as we pursue new opportunities founded on a strong bedrock of trust, confidence and customer service.

Total assets

31,949 Mn

Total equity

4,975 Mn

Core capital ratio

20.01%

Rating

BBB+ (Ika)

Fitch Ratings Lanka Ltd

Employees

751

Customers

95,395

Synergies with Singer
(Sri Lanka) PLC and Hayleys
Group

ABOUT THIS REPORT



WELCOME TO

Singer Finance (Lanka) PLC

ANNUAL REPORT 2022/23



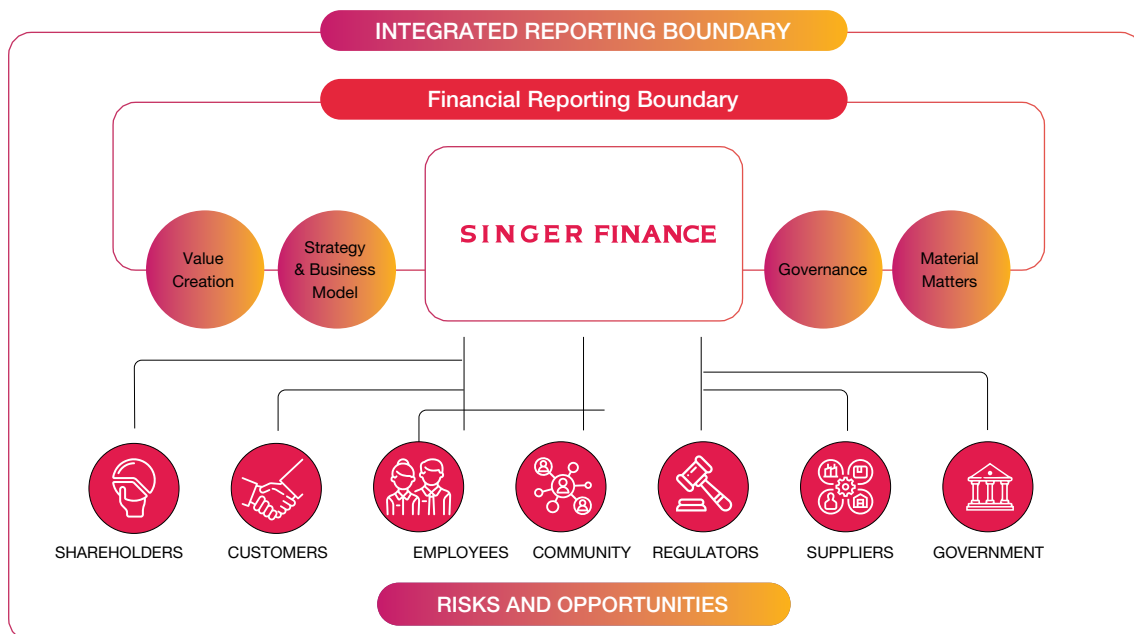
Our 5th Integrated Annual Report aims to provide a holistic and a balanced account on how we created value to our stakeholders by presenting the performance of Singer Finance (Lanka) PLC, for the year ending 31st March 2023 . This report themed ‘Purposeful Strides sets out the journey of the Company to create and distribute consistent value whilst navigating a challenging operating environment.

Integrated Reporting Scope and Boundary

We strive to provide all our stakeholders with a concise yet sufficiently informed view of our strategy, governance, performance and prospects, in the context of our operating environment reporting on how value is created, protected or eroded over time.

The financial information reporting boundary is defined by control and significant influence over entities as indicated in the diagram below. Strategic and governance information boundaries

expand to our key risks, opportunities and outcomes, including matters relevant to our key stakeholders. Matters attributable to other stakeholders are included if material; that is, if it could significantly affect our ability to create and, preserve value, or lead to value erosion, over the short, medium and long term. This year in particular, the company reflected on the impact of the economic crisis on operations and strategy and how we responded to the changing operating landscape and realigned ourselves to achieve purposeful strides of progress.



ABOUT THIS REPORT

An integrated approach

The company derives its strategy through integrated thinking — approaching value creation as an interconnected, interdependent process, which utilises the collective strength of the organisation’s partnerships, people and resources to generate long-term, sustainable progress and achieve its purpose. The report reflects this approach — displaying the role of the company’s capitals, stakeholders, operating environment, risks and opportunities in developing and executing its strategy to deliver its overarching vision.

Materiality

The report focuses primarily on the aspects that are material to the organisation, i.e., the matters that pose a significant impact on the organisation’s continuity and success. This year, the report has enhanced its approach by introducing double materiality — a process that evaluates the internal and external significance of various topics. A detailed outline of the company’s process, basis for evaluation and a list of material topics are set out on pages 30 to 31 of this report.

Reporting Framework/Regulation	Integrated Reporting	Sustainability Reporting	Financial Statements	Corporate Governance
Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)			●	
The Companies Act No. 7 of 2007			●	●
Finance Business Act No 42 of 2011 and amendments thereto			●	
Listing Rules of the Colombo Stock Exchange (CSE) and all subsequent revisions to date			●	●
International Integrated Reporting Council’s (IIRC) Integrated Reporting <IR> Framework	●	●		
Report prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)		●		
The United Nations Sustainable Development Goals (SDGs)		●		
ESG Reporting Guidelines issued by the Colombo Stock Exchange		●		
Corporate Governance Direction No 05 of 2021 (as amended) issued by the Monetary Board of Central bank of Sri Lanka			●	●
Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka				●
Sri Lanka Auditing Standards (CA Sri Lanka) issued by CA Sri Lanka			●	

Precautionary Principle

The company applies a precautionary principle towards social and environmental sustainability and has taken tangible steps to mitigate the risks posed to the surrounding communities and to the environment.

Forward Looking Statements

The contents of this report contain forward looking statements that address the company’s future direction and outlook. Singer Finance (Lanka) PLC is aware that several risks, uncertainties and other unpredictable variables that may arise within the external environment, could cause the actual results to materially differ from the expectations and plans outlined within this report.

The Company undertakes no obligations to publicly update nor release any revisions or amendments to these forward-looking statements to reflect the variations in events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.

Combined Assurance

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

Board Responsibility

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

Signed on behalf of the Board

Thushan Amarasuriya
Executive Director / CEO

04th June 2023

Improvements to this Report

We are committed to consistently improve the quality and readability of the Annual Report. This year's report features the following improvements:

1. Increased disclosure on strategy reflecting the performance against targets
2. Greater focus on ESG through a dedicated section on sustainability
3. Increased connectivity of information

How to Navigate Our Report

For ease of reference and navigation, this report utilises the suite of icons denoted below:

Capitals (refer page 32 to 58)

Stakeholders (refer page 30-31)

Strategic Pillars (refer page 27)

Feedback and Concerns

We are committed to constantly improving the readability and relevance of the content of our Annual Report. We welcome suggestions for improvement.

Please direct your feedback to:

Head of Finance,
Singer Finance (Lanka) PLC
No 498, Galle Road, Colombo 3.
Email:erajf@singersl.com



This Annual Report is available in PDF and on our website <https://www.singerfinance.com/annualreports/>

Navigation Icons



Financial Capital



Manufactured Capital



Human Capital



Social and Relationship Capital



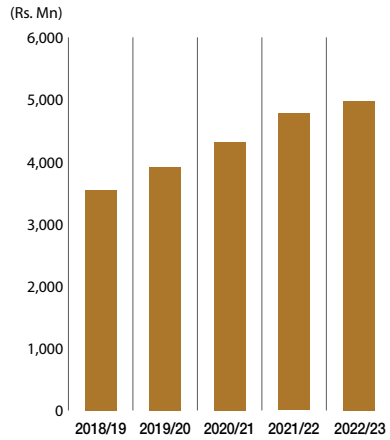
Intellectual Capital



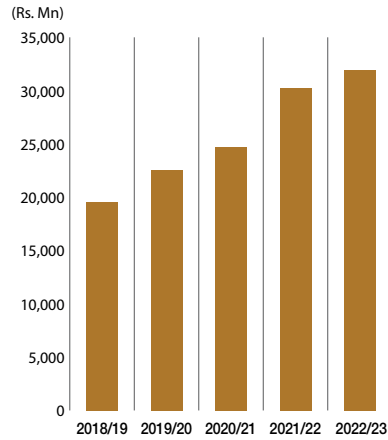
Natural Capital

A SNAPSHOT OF THE COMPANY

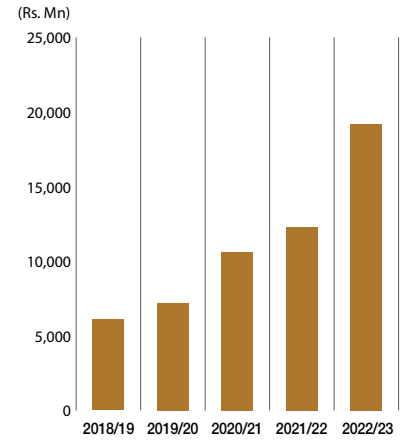
TOTAL EQUITY



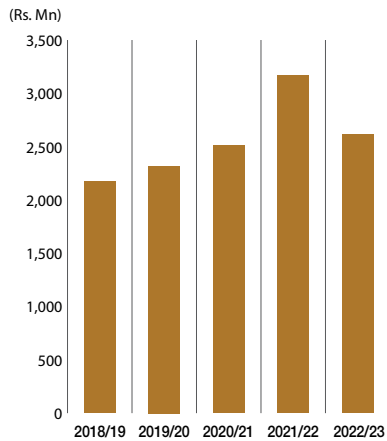
TOTAL ASSETS



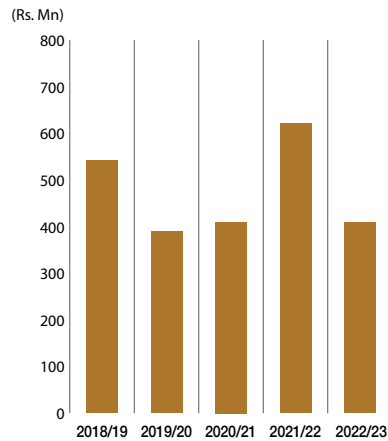
CUSTOMER DEPOSITS



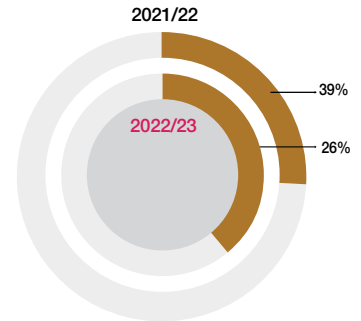
NET INTEREST INCOME



PROFIT AFTER TAX



SHAREHOLDER'S FUNDS TO PUBLIC DEPOSITS



Net Assets per Share

24.62
2022/23

23.63 2021/22

Branches

50
2022/23

43 2021/22

Employees

751
2022/23

818 2021/22



Fitch Rating **BBB+[lka]- RWN**
2022/23

FINANCIAL HIGHLIGHTS

For the year ended 31 March	2023	2022	Change
Financial Performance (Rs'.000)			
Gross Income	7,552,900	5,486,505	38%
Interest Income	7,142,823	5,113,433	40%
Interest Expense	4,528,451	1,946,514	133%
Profit before Tax	678,573	958,669	-29%
Income Tax Expense	269,529	337,529	-20%
Profit After Tax	409,044	621,140	-34%
Revenue remitted to the Government	771,494	675,326	14%
Financial position at the year end (Rs'.000)			
Total Equity	4,975,248	4,774,648	4%
Deposits from Customers	19,195,604	12,295,391	56%
Leases, Loans & Advances	24,197,299	26,350,004	-8%
Total Assets	31,948,839	30,263,017	6%
Growth In Advances (%)	-8	25	-33
Growth In Deposits (%)	56	16	40
Investor Information			
Earnings per Share (Rs.)	2.02	3.07	-34%
Net Assets per Share (Rs.)	24.62	23.63	4%
Price Earning Ratio (Times)	5.58	4.23	32%
Ratios			
Gross Non-Performing Advances Ratio (%) 120 Days	11.49	8.73	2.76
Gross Non-Performing Advances Ratio (%) 180 Days	6.91	5.19	1.72
Net Non - Performing Advances Ratio (%) 120 Days	6.09	3.42	2.67
Net Non-Performing Advances Ratio (%) 180 Days	1.23	-0.32	1.56
Non Interest Expense to Gross Income (%)	31.06	47.05	(15.99)
Gross Interest Margin (%)	36.60	61.93	(25.33)
Net Interest Margin (NIM) (%)	9.41	12.69	(3.28)
Return on Assets (%)	1.32	2.26	(0.94)
Return On Average Shareholder's Fund (%)	8.39	13.66	(5.27)
Cost-To-Income Ratio (%)	68.53	53.14	15.39
Interest Cover (Times)	1.15	1.49	(0.34)
Gearing Ratios			
Equity : Interest Bearing Liabilities (Times)	0.20	0.20	-
Debt : Equity Ratio (Times)	5.08	4.96	0.12
Quick Assets Ratio (Times)	1.33	1.05	0.28
Fitch Rating	BBB+[lka]	A[lka]	
Statutory Ratios			
Liquid Assets (%)	21.18	15.06	6.12
Core Capital Ratio (%) - Minimum required 8.5%	20.01	15.89	4.12
Regulatory Capital to Risk Weighted Assets (%) (Minimum Requirement 12.5%)	25.60	21.74	3.85
Shareholders Funds : Public Deposits % (Minimum of 10%)	25.92	38.83	(12.91)

NON-FINANCIAL HIGHLIGHTS



Manufactured Capital

50 branches
7 opened during the year

Digital Capabilities

Online banking platform
Internet Payment Gateway (IPG)
Digital Banking Solutions

Investment of Rs. 317 million in enhancing the Company's manufactured capital

Enhancement of customer convenience and customer focused solutions



Human Capital

Rs. 925 million payments to employees

Rs. 6 million investments in training and development

162 employees promoted during the year

Asia's Best Workplaces ranked No.58

76% Employee retention rate

32% of our workforce has been with us for more than five years



Social and Relationship Capital

95,000+ Customers

FB Star 4.7/5 Customer satisfaction score

200 Marketing Staff Strength

Rs. 1,369 Mn Payments Facilitated through Digital Platforms

77% Customer Retention Rate



Intellectual Capital

Rs. 73 million investment towards brand building

SSL certification



Natural Capital

26% decrease in the Carbon footprint

1,000 Trees Planted

320 Kg Paper recycled

OPERATING ENVIRONMENT



For an in-depth account of the operating environment and how we responded to the dynamics please scan the QR code.

The ensuing section evaluates the key variables which impacted the company's operations and the response taken in light of the risks and opportunities which emerged.

Key variable	Impact on Singer Finance	Strategic response
GDP contraction The overall GDP of the country recorded the worst contractions in 2022. At the end of Q4 the GDP had contracted by 7.8%.	<ul style="list-style-type: none"> - Low levels of public expenditure -Potential adverse impact on credit quality -Emerging opportunities in the MSME and SME segments 	<ul style="list-style-type: none"> Strengthened focus on capital and liquidity management. Increased focus on gold loan portfolio growth. Increase deposit base to help absorb more public funds into the financial sector to finance lending. Strengthened credit evaluation process
Inflation Inflation peaked in September 2022 as measured by the Colombo Consumer Price Index and National Consumer Price Index for headline inflation at 69.80% and 73.70%. It took on a downward trend thereon and lowered for the sixth straight month to 50.3% in March 2023, the lowest recorded since May 2022.	<ul style="list-style-type: none"> -Rising cost of living which impacts the ability of potential and existing customers to maintain performing portfolios resulting in higher NPL. 	<ul style="list-style-type: none"> Manage costs through efficient cost control mechanisms Steps taken to strengthened recovery teams in order to sustain rental collections. Provided affordable payment schemes/moratoriums to effected customers
Exchange rates The Sri Lankan Rupee (LKR) currency depreciated by over 80% against the US dollar during 2022.	<ul style="list-style-type: none"> -Restrictions imposed on import items, leading to scarcity of fuel and other essential consumer commodities. As a result, commodity prices went up - Due to increase in Exchange rate, a profound black market was created as forex holders with held their respective currencies in anticipation of higher exchange rate 	<ul style="list-style-type: none"> Re-activated the foreign exchange collections with the commencement of tourist season Necessary steps were taken to ensure that the company is not making losses from its foreign currency business by taking swift action depending on the forex market fluctuations.
Interest rates CBSL tightened the monetary policy, increasing policy interest by a total of 950 basis points during the year with the intention to curb inflationary pressure. Additionally, liquidity concerns also exerted upward pressure on benchmark rates.	<ul style="list-style-type: none"> -Market Interest rates increased substantially - Deposit base re-priced - Cost of funding increased 	<ul style="list-style-type: none"> A cautious approach was adopted towards lending to maintain asset quality. Maintained liquidity through deposit mobilisation. Proactive relationship management. Tightening credit approval processes. Training our front line to recognise potential red flags. Prudent provision for impairments.
Increased digitalisation	<ul style="list-style-type: none"> +Facilitate cost efficiencies and greater productivity. +Better market reach. -Greater financial and reputational risk due to cybersecurity threats. 	<ul style="list-style-type: none"> Elevated and strengthened governance and control mechanisms to manage cyber security threats.
Environmental indicators It wasn't just our economies and livelihoods that took the toll from one major crisis after another. The environment has begun to show signs of strain. Sri Lanka is particularly susceptible to the negative impacts of climate change with its high temperature	<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 to our network. CSR projects geared towards renewing and protecting natural resources. Pledging support to environmental protection and restoration along with the achievement of company goals.
Consumer behaviour In an environment where purchasing power continued to diminish, consumer behaviour was severely affected.	<ul style="list-style-type: none"> -Low disposable income and elevated interest rates affecting the repayment capabilities of customers resulting in delayed payments and risk of default. +Increase in demand for gold loans. +Greater appetite for deposits (instead of investments due to high interest rates). 	<ul style="list-style-type: none"> Opening 7 new branches during the financial year resulting in a total branch network of 50 branches allowing for more accessible services to suburbs and rural areas. Addressed the payment difficulties faced by certain segments of the customer base by offering debt moratoriums and other forms of relief. Increase deposit mobilisation efforts to sustain required liquidity
Regulatory changes Multiple changes to the regulations were affected during the year under review in various areas such as governance, Technology Risk management and resilience, concessions to borrowers etc. and increase of tax rates	<ul style="list-style-type: none"> - The company became liable for VAT at 15% due to reduction of VAT thresh-hold corporate taxes from 24% to 30% and Social Security Contribution Levy of 2.5% was introduced. 	<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.

REFLECTIONS FROM THE CHAIRMAN



Dear Shareholder,

It gives me pleasure to welcome you to the 16th Annual General Meeting of Singer Finance (Lanka) PLC. The year 2022/2023 will be etched in our collective memory as one of the most tumultuous periods in post-independence history.

Against this backdrop, Singer Finance moved ahead with purposeful strides to leverage on its strength, core capabilities, deep industry insights and positive stakeholder relationships to demonstrate a strong performance whilst positioning the Company for future growth. The commendable performance of the Company reflects the tenacity and commitment of the team who laid the foundation for continued success of the Company.

Context to performance

The financial year under review commenced with the temporary suspension of external debt payments in April 2022. As a result, Sri Lanka was categorized under Restricted Default status. This resulted in a severe balance of payments crisis with measures being introduced to curb imports and maintain foreign exchange liquidity required for essential imports.

During 2022, the Central Bank of Sri Lanka (CBSL) increased its policy interest rates several times, resulting in an overall increase of 900 basis points. Inflation reached historically high levels owing to supply side disruptions both locally and globally, administrative price adjustments and sharp depreciation of the Sri Lanka Rupee and demand side factors. The Sri Lanka Rupee depreciated substantially by 81.2% against the USD enduring the calendar year 2022. The economic crisis and heightened uncertainties caused

“The Company traversed through the volatile, uncertain, complex and ambiguous operating landscape with dexterity and astute prudence”

a dearth of foreign exchange liquidity. Frequent power outages, prolonged fuel shortages hampered supply channels and mobility, scarcity of essential items and the soaring cost of production significantly dampened economic activity across all sectors of the economy. For Singer Finance these macroeconomic pressures presented several challenges which necessitated us to respond with strategic foresight to withstand these headwinds.

Performance

The Company traversed through the volatile, uncertain, complex and ambiguous operating landscape with dexterity and astute prudence. I am pleased to state that Singer Finance emerged stronger and more resilient through adversity by successfully recording one of the highest profitability levels of the company in its history.

During the year, our strategic focus was underscored by cautious optimism, calculated risk assessment and clear strategies. The uptake for leasing was affected due to continued restrictions on vehicle imports and low disposable incomes coupled with high interest rates. The competitive dynamics of the leasing industry changed significantly as banks and other financial institutions also entered the domain of leasing for registered vehicles which was hitherto a business segment pursued by the NBFi sector. In this setting we consciously took a selective approach to lending due to the uncertain and volatile market conditions and instead focused on gold loans to boost our asset base. Singer Finance was successful in augmenting its asset base with a YoY increase of 6% mainly through gold loans and advances against fixed deposits. Singer Finance displayed a very encouraging growth in the year under review with a 127% increase in the gold loan portfolio.

The NBFi industry mirrored a similar trend as Licensed Finance Companies and Specialised Leasing Companies sector's lending portfolio exposures skewed towards gold loans with an accelerated 57% YoY growth as of 31st March 2023. During the year under review, the concentration of pawning/gold loan advances of the NBFi sector surged to 19.2% from 11.3% in the corresponding period of the previous year.

The Company was successful in growing its deposit portfolio with an exponential YoY increase of 56% compared to 16% in the preceding year. This is a clear indication of the trust and confidence placed by the depositors which further validates our positioning within the NBFi landscape as a steadfast and secure finance entity.

The Company placed significant emphasis on collections and efficient recovery mechanisms which resulted in a 111% decline in impairment charges. Decline in the leasing portfolio was also attributable to the impairment reversal of Rs 44 million. We will continue to focus on maintaining our recovery ratios within acceptable levels by placing greater emphasis on collections and monitoring.

Maintaining the momentum of expanding our branch franchise we opened two branches on the 31st of March 2023 in Nelliady and Jaffna reaching a milestone of 50 branches. These achievements certainly validate the strength and sustainability of our strong business model, which will pave the way for continued success of the company. Thus, we are well positioned to capture the future market opportunities once the economy regains its potential.

Digitalisation drive

The financial services sector has seen rapid transformation towards technology driven financial solutions. This was accelerated by the COVID-19 pandemic. Our digital strategy has also focused on driving process efficiencies and thus delivering a superior and digital access of our products and services through our internet banking system. We hope to fast track our IT transformation activities to create an e-Wallet, recovery App and digital lending App which will create a digitalised experience to our customers.

Governance

Amidst the volatility in the year under review, we remained committed to implement best governance and risk management practices. We ensured strong synchronization between the Board of Directors and the executive leadership in deciding the strategic path in a rapidly shifting operating

environment, with a focus on preserving and enhancing the value created by the Company. We also focused on complying with the evolving regulations and policy directions set by the regulators. Our foundation of good governance practices coupled with stable financial fundamentals has helped us move ahead with stability.

Integrating sustainability

We have taken steps towards integrating sustainability within our business model and business strategy and during the year we drafted a comprehensive sustainability policy. As an environmentally conscious corporate, we are deeply committed to minimising our environmental footprint. The Company has commenced a program "A tree for every Tuk Tuk" wherein a tree is planted for every three-wheeler that is leased. We have commenced this programme in 2022 with the support of the schools and thus far made a significant impact with 1,000 trees being planted. We are deeply conscious of expanding our business network sustainably by envisioning a network of green branches by 2025. These green branches will be powered by solar power and will feature other environmentally friendly practices. The recently opened Homagama branch epitomises the green branch concept with many green features such as solar power, green spaces etc. We have also spearheaded a financial literacy programme amongst A/ Level students and have made steady progress. This is in line with the CBSL's National Financial Inclusivity Strategy.

Future Outlook

The approval of the Extended Fund Facility by the IMF together with the coordinated policy interventions are expected to set the path towards macroeconomic stability. At this point our nation stands at a very critical juncture where the long term stability of the economy is dependent on the successful implementation of reforms which would

REFLECTIONS FROM THE CHAIRMAN

address structural imbalances. We recognise that the short term will be filled with inevitable challenges which will set the economy to contract initially by 3% in 2023 before setting off to a path of recovery with a projected growth of 1.3% in 2024. The positive signs of improved inward foreign remittances, appreciation of the rupee and increased tourist arrivals are a harbinger for macroeconomic recovery. Singer Finance stands strong and steadfast to meet the challenges of the short term with the Company's capitalization and healthy liquidity along with consistent profitability. We are poised to move ahead to seize new opportunities for growth which will open in the medium term.

We have placed adequate focus on revenue generation and sustainability of operations, and I believe that if this strategy is sustained over the next couple of years, it will steer the Company further towards greater success. Our ongoing commitment to prudent growth will allow us to maintain an even keel during a challenging economic context. We will continue to place strategic emphasis on maintaining asset quality and financial stability which will continue to be key pillars of our progress as in the year under review. We hope to pursue expansion of our geographical footprint with the same intensity whilst strengthening our existing branches with additional resources to maximise our offerings and enhance business generation.

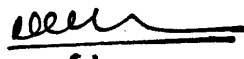
We will retain our focus on prudent lending strategies, close monitoring of credit quality, efficient recoveries and digitalisation initiatives to ensure stability. We are certainly proud of

our performance thus far especially considering the magnitude of the volatility which we faced in the operating environment across the last three years. This reflects our ability to surmount odds with resilience. Our path ahead will be challenging yet we are well positioned to traverse through this uncertainty with a sense of optimism.

Appreciation

Having navigated through the unprecedented challenges with fortitude to deliver exceptional results, I am deeply appreciative of my fellow colleagues on the Board for their collective wisdom and support in guiding the Company through an unusual and difficult business terrain. I would like to thank Mr. Mohan Pandithage, the Chairman of the parent Company for his unwavering support and wish to recognise the CEO, Mr. Thushan Amarasuriya for his leadership and his team in upholding our common vision and delivering a commendable performance amidst many challenges. I thank Mr. Sadeep Perera who resigned from the Board during the year for his contributions over the years.

I take this opportunity to thank the Governor of the Central Bank of Sri Lanka and officials for continued support and guidance extended to us. I place my gratitude and appreciation to our valued customers, lenders, depositors and other stakeholders who have been in with us in our evolutionary journey.



Aravinda Perera
Chairman

Colombo
4th May 2023

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW



Dear Stakeholder,

It has been a year of unprecedented challenges and opportunities for our Company. Despite the headwinds faced by the overall economy, Singer Finance has remained resilient, adapting to the dynamic market conditions and continuing to deliver satisfactory results. I trust this review will provide insights into the key challenges we encountered and endured, our notable achievements, strategies executed to retain our market position and our vision for the year ahead.

Overcoming challenges

While the year 2022 began with promising signs of economic revival, the socioeconomic ramifications that unfolded from April 2022 onwards as a result of long-standing structural vulnerabilities, led the country into a deep and widespread crisis. In the face of an economic contraction, the Company encountered significant challenges that required our utmost resilience and strategic thinking to navigate. The overall downturn adversely impacted our business activity, and prolonged restrictions on vehicle imports coupled with the reduced movement

of secondhand vehicles due to cost pressures and inflation continued to constrain and dampen the growth prospects of our core leasing business.

One of the primary challenges we were confronted with was the sudden spike in interest rates, which reached unprecedented levels. The volatile interest rate environment exerted heavy pressure on our margins, making it imperative for us to strike a delicate balance between margin management and affordability for our customers. Our team worked diligently to reassess our pricing strategies and optimize our interest rate structures, ensuring that we remained competitive in the market while maintaining sustainable profitability.

Furthermore, in a challenging economic climate, ensuring the timely collection of loans and maintaining healthy cash flows became crucial for our operations. We recognized that proactive collection strategies and effective risk management were vital in mitigating potential credit losses. Our collection teams exhibited exceptional dedication and persistence in engaging with customers, providing support and flexibility wherever possible, and implementing targeted recovery

“Despite the formidable headwinds we faced, I am proud to acknowledge that our organisation not only weathered the storm but also emerged stronger”

initiatives. By adopting a customer-centric approach and leveraging data-driven insights, we were able to optimize our collection processes and achieve commendable results in recovering outstanding loans.

Despite the formidable headwinds we faced, I am proud to acknowledge that our organisation not only weathered the storm but also emerged stronger. Our ability to adapt swiftly to changing market dynamics, make strategic decisions, and execute them effectively allowed us to navigate these challenges with resilience and determination. Through the collective efforts of our teams, we have maintained our financial stability and sustained the trust of our stakeholders.

As we reflect on the lessons learned from these challenges, it reinforces our commitment to constantly evolve and strengthen our risk management frameworks, pricing strategies and collection processes. We will continue to embrace innovation and leverage technology to enhance efficiency, minimize risk exposure and deliver sustainable value to our customers and shareholders.

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

Growth and stability

Amidst these challenges, Singer Finance achieved commendable results, demonstrating our ability to maintain a balanced approach. Our consistent performance throughout the year can be attributed to the prudent strategies implemented by the management team, ensuring that we neither took excessive risks nor adopted an overly conservative stance. This delicate balance allowed us to navigate the uncertainties and volatility of the market successfully, safeguarding the interests of our stakeholders.

One notable achievement that deserves recognition is the substantial growth we witnessed in our fixed deposits and loan business. Despite the economic contraction and challenging market conditions, we managed to expand our customer base and attract new deposits, which is a testament to the trust and confidence placed in Singer Finance by our clients.

Additionally, I am delighted to announce that Singer Finance has reached a significant milestone of 50 branches, an accomplishment which represents our commitment to expanding our footprint and making our services more accessible to customers across the country. By strategically establishing branches in key locations, we aim to provide convenience and personalized support to a broader customer base and this achievement is a testament to the collective efforts of our teams who worked diligently to establish and operationalize these new branches while upholding our standards of excellence.

These accomplishments underscore our commitment to sustainable growth and our ability to seize opportunities even in a challenging market environment. By maintaining a balanced approach and adhering to our core values, we have successfully managed our risks while capitalizing on favorable market conditions.

Active market presence and strategic focus

To counter the increasing competition in the financial sector, we proactively implemented a range of strategies to retain and strengthen our market position. We recognized the importance of maintaining an active presence in the market and ensuring our brand remained visible amidst the intensifying competition.

Through sustained marketing efforts across both traditional and digital channels, we successfully augmented our visibility and brand awareness during the year. Our marketing team diligently engaged with our target audience, leveraging social media platforms and implementing below-the-line marketing activities to create a strong brand presence, which not only helped us reach a wider audience but also ensured that our existing customers remained engaged and connected with Singer Finance.

Furthermore, as part of our strategic expansion plan, we strategically opened seven new branches across key locations. This expansion not only enhanced our market penetration but also enabled us to provide convenient access to our services for a larger customer base. By carefully selecting the branch locations, we ensured that we were present in areas with high growth potential and where our target customers were located. This strategic approach allowed us to effectively cater to the needs of different customer segments and establish ourselves as a reliable and accessible financial institution.

In addition to expanding our branch network, we adopted a focused approach in allocating our resources and targeting specific sectors. We recognized the growth opportunities in sectors such as fixed deposits and gold loans and directed our efforts towards capturing

these opportunities. By channeling our resources strategically and aligning our products and services to the needs of these sectors, we were able to capitalize on the potential for growth and maximize our market share. This approach not only ensured a stronger market position in these sectors but also contributed to the overall diversification and resilience of our business.

Our active market presence and strategic focus have been instrumental in retaining our market position and achieving notable progress in targeted sectors. By staying ahead of the competition and adapting to evolving market dynamics, we have positioned Singer Finance as a preferred choice for customers seeking financial solutions. We will continue to invest in our marketing efforts, expanding our branch network and identifying new growth areas to maintain our competitive edge and drive sustainable growth.

Optimization, skill enhancement and digital advancement

As we look to the future, we are committed to leveraging the scale we have achieved as a 50-branch company and maximizing the opportunities presented by our expanded network. First and foremost, we will focus on optimizing our operations and fine-tuning our strategies to capitalize on the advantages of our expanded branch network. This will involve a comprehensive review of our processes and procedures, identifying areas for improvement and implementing necessary changes to enhance efficiency and effectiveness. By streamlining our operations and adopting best practices, we will be better positioned to meet the evolving needs of our customers while optimizing our internal resources.

While maintaining our focus on our existing business categories, we recognize the importance of exploring new segments and expanding our expertise. To achieve this, we are

committed to acquiring the necessary skills and competencies required to tap into additional growth avenues. This may involve investing in training and development programs for our employees, fostering a culture of continuous learning and innovation. By equipping our team with the knowledge and expertise to excel in emerging areas, we will be well-prepared to adapt to changing market dynamics and cater to evolving customer demands.

In our pursuit of growth, we acknowledge the significance of strengthening our management structures. We will prioritize building a robust and capable leadership team that can drive our strategic objectives and guide the organization towards success. This includes nurturing talent from within the company, identifying and promoting high-potential individuals, as well as attracting external talent with diverse perspectives and industry expertise. By fostering a culture of leadership and providing opportunities for professional growth, we will create a solid foundation for sustainable growth in all aspects of our business.

Embracing digital transformation is a key pillar of our future vision. We recognize the transformative power of technology and the immense potential it holds to improve operational efficiency and enhance customer experiences. We will invest in digital enablement across our processes, leveraging automation, data analytics and innovative technologies to streamline operations and drive productivity. By embracing digital advancements, we aim to provide our customers with convenient, accessible and personalized financial services, positioning Singer Finance as a leader in digital innovation within the industry.

Strengthening our sustainability framework

Singer Finance firmly believes in the importance of environmental, social and governance (ESG) practices. Our dedication to ESG principles reinforces

our reputation as a socially responsible financial institution and underscores our commitment to making a positive impact on society and the environment.

We understand that responsible lending practices play a crucial role in promoting financial well-being and sustainable economic growth. While adhering to stringent ethical lending standards, we ensure that our customers are provided with fair and transparent loan options that are within their means. We continue to offer financial products and services that are tailored to our customers' needs and aim to promote financial inclusion and empower individuals and businesses to achieve their goals responsibly.

Transparency and good governance are fundamental pillars of our operations, and we remain committed to maintaining high standards of corporate governance, ensuring accountability and fostering trust among our stakeholders. Through robust risk management practices, we strive to protect the interests of our customers, shareholders and the wider community. Our commitment to transparent reporting and disclosure allows stakeholders to make informed decisions and fosters a culture of integrity and accountability throughout the organization.

As part of the Hayley's Group of Companies, we actively contribute to the sustainability initiatives outlined in the 'Hayley's Life' code. We recognize the importance of environmental stewardship and are dedicated to minimizing our environmental footprint. Through responsible resource management and the adoption of sustainable practices, we strive to reduce our energy consumption, limit waste generation and promote eco-friendly initiatives within our operations.

Appreciation for excellence

I would like to express my sincere gratitude to the Chairman, Board of Directors, the Chief Executive Officer Mr. Thushan Amarasuriya and the Singer

Finance team for their unwavering commitment and tireless efforts throughout the year. It is through their dedication, resilience and collective expertise that we have been able to navigate the challenges, achieve notable accomplishments and position ourselves for future success.

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

I thank the officials of the Central Bank of Sri Lanka for their continued support and guidance.

I further would like to place on record my sincere appreciation to Mr. Sadeep Perera, who resigned from the Board during the year.

I also extend my deepest appreciation to our valued customers, shareholders and stakeholders for their trust, loyalty and continued support. Your confidence in Singer Finance inspires us to constantly raise the bar and deliver exceptional financial solutions and services.

I am immensely proud of what we have accomplished together and excited about the journey that lies ahead. With our strong foundation, talented team and unwavering commitment to excellence, I am confident that Singer Finance will continue to thrive and make a positive impact in the years to come.

Thank you once again for your trust, support and partnership. Together, we will shape a brighter financial future for our customers, our stakeholders and the communities we serve.



Mahesh Wijewardene
Group Chief Executive Officer

Colombo
4th May 2023

CHIEF EXECUTIVE OFFICER'S REVIEW



Dear Shareholders,

In a year of unprecedented uncertainty and disruption the Singer Finance Team rallied together with an extraordinary spirit of resilience and agility to move ahead with purposeful strides to create stakeholder value. Driven by a strong sense of conviction we crafted a steadfast and robust platform built on our inherent strengths positioning the company for future long-term growth and stability. It gives me great satisfaction to lead a team who defied all odds to create enduring stakeholder value.

The financial year 2022/2023 has been marked by significant milestones, underscoring our value proposition as a trusted player in the financial services industry. In this comprehensive review, we will delve into the progress made on our key financial indicators, operational efficiency, sustainable growth initiatives and our unwavering commitment to customer-centricity and innovation. I wish to present before you the collective achievements in delivering a resilient financial performance in the face of converging challenges across many spheres.

Financial performance

Our strategic foresight and calibrated strategy focused on the emerging market developments to deliver a resilient performance. With the significant increase in interest rates, we placed emphasis on timely repricing of our assets and liabilities whilst driving growth of high yielding products such as gold loans. To align with market rates, we adjusted the interest rates of our products to reflect the market rates. During the year, we observed an encouraging increase in our gold loans and advances portfolio by 127%. However, we experienced a contraction of 31% in the leasing segment, due to the restrictions on vehicle imports and the high interest rate regime which made the market conditions un conducive for vehicle leasing.

The Company aggressively pursued its branch expansion strategy by opening seven new branches in the year under review. I am happy to note that our 50th branch was opened on 31st March 2023 in Jaffna. Our extensive footprint certainly places us in a strong competitive positioning to realise our medium- and long-term growth aspirations.

The Net Interest Margin (NIM) reduced to 9.4% mainly due to the high interest rates and the interest rates mismatch generated by the leasing portfolio which was extended at lower rates. This impacted the Company's overall profitability where profit before interest and tax declined by 29% to Rs 679 Mn.

The Company's deposit base achieved a remarkable growth of 56% with the fixed deposit portfolio reaching a milestone Rs 19,196 Mn. This is a significant feat which validates the success of our concerted strategies initiated over the years to build our fixed deposit portfolio. It also signifies the enduring trust and the competitive edge that we have garnered in the financial services sector. A stable and growing fixed deposit base certainly helps us to diversify and broad base our funding profile.

Maintaining a strong position in asset quality has been a key priority. Our non-performing loan ratio stood at an impressive 11.49%, which reflects our rigorous credit assessment and monitoring processes. By adopting a prudent approach to lending and

ensuring strict adherence to risk management practices, we have successfully mitigated potential credit risks and safeguarded the interests of our stakeholders in a challenging operating landscape where many industries are being affected due to the economic crisis.

Protection of our financial resilience by concentrating on portfolio quality, adapting to changing customer preferences and maintaining healthy levels of liquidity and capital are some of our key strategic priorities. Our liquidity position remained strong, with cash and cash equivalents, placements with banks and investments in government securities increasing by 146% as of the year-end. Our statutory liquidity ratio of 21.20% comfortably stood above the regulatory minimum requirement. Furthermore, our net book value of fixed assets grew impressively by 40% to Rs. 624 million, a testament to our expansion plans and commitment to providing modern facilities and a comfortable banking experience for our customers.

The Company's total assets have reached Rs. 31,949 million, showcasing a 6% growth from the previous year. This reflects our ability to attract and retain valuable customers, expansion of product offerings and prudent investments. Our diversified portfolio minimises risks while maximising returns, providing a strong foundation for future growth to capitalise on emerging opportunities.

Customer-centricity

At Singer Finance (Lanka) PLC, we pride ourselves on our unwavering commitment by placing our customers at the center of everything we do. Throughout the 2022/2023 financial year, we have relentlessly pursued a customer-centric approach, prioritising customer satisfaction. Our relentless focus on delivering exceptional customer

experiences supported by our branch expansion strategy has enabled us to build a loyal and growing customer base.

We recognize digitalisation as a key driver of business value. Many of our digitalisation initiatives gained traction during the pandemic wherein digital platforms were created for our customers to interact with us. Through intuitive and user-friendly interfaces, customers can now seamlessly navigate our digital platforms to conduct transactions, access account information and manage their finances at their convenience. We hope to build and leverage our digital offerings further by introducing many more digital enhancements to create a connected ecosystem.

To better understand and cater to the evolving needs and preferences of our customers, we have harnessed the power of advanced data analytics and market intelligence. By leveraging these insights, we have gained a deeper understanding of customer behavior, allowing us to personalise our products and services to meet their specific requirements effectively. This customer-centric approach has enabled us to anticipate their needs, provide tailored solutions and enhance overall customer satisfaction.

Building an aspirational team

We continued our relentless focus on building a great team and enhancing our employee value proposition. During the year under review, the team displayed dedication and commitment amidst many constraints such as the economic crisis, mobility issues due to restricted fuel supplies etc. We strived to provide a flexible work environment and adopted an empathetic approach recognising the challenges faced.

We continue to create an enriched work experience and a platform of equitable opportunities for our team. In a period where our nation is experiencing

an exodus of human capital, with increased migrations most corporates are dealing with the phenomenon of the 'Great Resignation'. In this setting, we have placed significant emphasis on building our cadre of staff whilst creating a thriving work environment to create opportunities for growth and development.

Sustainable growth and corporate social responsibility

We believe that sustainable growth is closely intertwined with environmental stewardship, social responsibility and ethical governance. In alignment with our commitment to sustainability, we have implemented several initiatives to reduce our environmental footprint. Through energy-efficient infrastructure and optimised resource utilisation, we have successfully minimised our carbon emissions. Furthermore, we have actively invested in renewable energy sources in our branch expansion, significantly reducing our reliance on fossil fuels. These efforts have not only benefited the environment but also reduced operational costs and positioned us as an environmentally conscious financial institution.

Our corporate social responsibility initiatives have made a tangible impact on the communities we serve. We have forged strategic partnerships and extended support to various educational, healthcare and social welfare programs. By empowering individuals and promoting inclusive development, we strive to create a positive and lasting impact on society.

Looking ahead

As we embark on the next phase of our journey, Singer Finance is well-positioned to capitalise on emerging opportunities in the medium- and long-term horizons and overcome potential challenges. We look towards the future with cautious optimism by harnessing captive opportunities to shape our future for long term growth.

CHIEF EXECUTIVE OFFICER'S REVIEW

Our unwavering commitment to risk management and operational efficiency will ensure sustainable profitability and mitigate potential risks. We remain vigilant in monitoring market dynamics, regulatory changes and macroeconomic factors that could impact our business. Through prudent decision-making and proactive measures, we will navigate uncertainties while maintaining a strong financial position.

A note of gratitude

As we moved through one of the most turbulent phases in our corporate journey, I take this opportunity to place my deep gratitude to our Chairman Mr. Aravinda Perera, Group Chief Executive Officer Mr. Mahesh Wijewardene and the Board of Directors for their wise counsel and insights.

I wish to extend my appreciation to our Group Chairman Mr. Mohan Pandithage whose continued support and valued guidance enabled us to move ahead with purposeful strategies to fortify our competitive positioning. I also wish to place on record my appreciation of Mr. Sadeep Perera Non-Executive Director who resigned from his board position during the year under review.

I take this opportunity to thank the Governor of the Central Bank of Sri Lanka, Director – Non Bank Supervision of the Central Bank of Sri Lanka and her officials, the Controller of Exchange

and the General Manager and the staff of Credit Information Bureau for their unwavering contributions to the sector and the support extended to Singer Finance.

I extend my heartfelt appreciation to the Singer Finance team who worked amidst a myriad of challenges to deliver value.

I wish to appreciate our valued shareholders, loyal customers for their unwavering trust and confidence in our journey. Together, we have achieved significant milestones and positioned Singer Finance as a leading player in the financial services industry. As we move forward, I am confident that our collective efforts will enable us to deliver sustained growth and value creation for all stakeholders.



Thushan Amarasuriya
Executive Director / CEO

Colombo
4th May 2023

BOARD OF DIRECTORS



01 Mr. Aravinda Perera
Chairman/ Non-Executive Director

02 Mr. Jayanth Perera
Senior Independent Non-Executive Director

03 Mr. Thushan Amarasuriya
CEO/ Executive Director

04 Mr. Mahesh Wijewardene
Non-Executive Director

05 Mr. Ranil De Silva
Independent Non-Executive Director

06 Mr. Saman Herath
Independent Non-Executive Director

07 Ms. Darshini Talpahewa
Non-Executive Director

BOARD OF DIRECTORS



Mr. Aravinda Perera

Chairman/ Non-Executive Director

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

Mr. Aravinda Perera counts over 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 an Executive Director of Rocell Bathware Ltd, an Independent Non Executive Director of Hayleys PLC, a Non-Executive Director of Hayleys Aventura (Pvt) Ltd, Hayleys Advantis Ltd, Fentons Ltd., SNAPS Residencies (Pvt) Ltd and Kosgulana Hydro Company (Private) Limited.

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

Appointed to 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 Managing Director of Acuity Stockbrokers (Pvt) Ltd. He had also served as an Executive Director of HNB Assurance PLC, Acuity Securities (Pvt)Ltd, Acuity Partners (Pvt)Ltd, LVL Energy, Lanka Ventures (Pvt)Ltd and Credit Information Bureau of Sri Lanka.

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



Mr. Thushan Amarasuriya

CEO/ Executive Director

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

Mr. Amarasuriya was appointed as the Chief Executive Officer of the company on 1st July 2018. He has over 19 years of managerial experience in Retailing FMCG, Retailing Consumer Goods and in Financing and Leasing Industry.

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

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



Mr. Mahesh Wijewardene

Non-Executive Director

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

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

Mr. Wijewardene holds a Master's Degree in Business Administration from the University of Southern Queensland and received the Dean's Award for Outstanding Academic Achievement. He also holds a Diploma in General Management from the Open University of Sri Lanka.

He currently serves as Vice President of Sri Lanka Retailers' Association and a Member of the International Chamber of Commerce - Policy Committee. Mr. Wijewardene served as the past Chairman of Ceylon Chamber of Commerce - Import Section and Sri Lanka - China Business Council.

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



Mr. Ranil De Silva

Independent Non-Executive Director

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

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

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

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



Mr. Saman Herath

Independent Non-Executive Director

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

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

Mr. Herath retired as a Senior Deputy General Manager of Sampath Bank PLC in 2015 and later served as the Managing Director of Siyapatha Finance until he completed his tenure in 2019. Mr. Herath

also served as the Managing Director of State Pharmaceutical Manufacturing Corporation until 2021 after leaving Siyapatha Finance.

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



Ms. Darshini Talpahewa

Non-Executive Director

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

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

Serves as a 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 Master's Degrees in Law from the University of Colombo, in Human Resource Management from the University of Northampton, UK and also in International Relations from the University of Colombo..

SENIOR MANAGEMENT



01. Mr. Iman Perera

Chief Operating Officer

02. Lasitha Dias

Head of Strategic Planning and
Company Secretary

03. Ms. Chandrika Alwis

Consultant to the Chairman

04. Mr. Eraj Fernando

Head of Finance

05. Mr. Thilan Rupasinghe

Head of Treasury and Financial Services

06. Mr. Jeevaka Jayawardena

Senior Manager-Credit and Group Sales

07. Mr. Suranga Jayaweera

Senior Manager – Compliance

08. Mr. Joe Wijeyagoonewardene

Head of Deposits

09. Mr. Niranjana Sethunga

Head of Recoveries

10. Ms. Harshani Mapatuna

Head of Legal

11. Pradeep Boange

Head of Branch Business Development

Mr. Iman Perera

Chief Operating Officer

Iman was appointed as the Chief Operating Officer on 1st July 2018. He counts for over 30 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 the University of Sri Jayewardenepura and B.Sc Business Administration (Special) Degree from the University of Sri Jayewardenepura.

Mr. Lasitha Dias

Head of Strategic Planning and
Company Secretary

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

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

He has over 15 years of experience in Financial Accounting, Management Accounting, Corporate Planning and



taxation. Prior to joining Singer Finance, he had served as General Manager -Finance of Hayleys PLC.

Ms. Chandrika Alwis
Consultant to the Chairman

Chandrika joined Singer Finance in 2018, counts over 40 years of experience in the areas of deposits, credit, recoveries including 26 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 23 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 Financial Services

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 15 years in the Senior Management. In 2019 he was assigned to Manage the Treasury and Digital Transformation functions of the company. In 2023 He was redesignated as Head of Treasury and Financial Services.

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. 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.

SENIOR MANAGEMENT

Mr. Jeevaka Jayawardena

Senior Manager-Credit and Group Sales

Jeevaka has been with the Singer Group for over 24 years. He possesses over

16 years of experience in Accounting and Finance 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 15 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 41 years have been spent in the Finance Industry heading deposit departments. He is a Justice of Peace (All Island).

Mr. Niranjana Sethunga

Head of Recoveries

Niranjana has been with singer finance since its inception and holds over 19 years of Management experience in Marketing, Credit, Recoveries and Gold Loan Business.

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

Ms. Harshani Mapatuna

Head of Legal

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

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

She functioned as the Vice President of the Legal Circle of Finance Houses Association of Sri Lanka from 2001 to 2002, the Assistant Treasurer of

Association of Corporate Lawyers Sri Lanka in 2011, the Treasurer of Association of Corporate Lawyers Sri Lanka from 2012 to 2016, the Chairperson of Legal Circle of Finance Houses Association of Sri Lanka in 2016, the Treasurer of Association of Corporate Lawyers Sri Lanka in 2021/2022, the Secretary of Association of Corporate Lawyers Sri Lanka in 2022/2023.

She is functioning as the Secretary of Association of Corporate Lawyers Sri Lanka for the year 2023/2024 and An Executive Committee Member of the Bar Association of Sri Lanka for the year 2023/2024.

Mr. Pradeep Boange

Head of Branch Business Development

Pradeep has over 30 years of experience covering Marketing, Administration, Accounting, Production, Airline ticketing and BPO industries both overseas and in Sri Lanka. He joined Singer Finance in 2006 and held many responsible positions before being appointed to his current role. He holds an MBA from the University Wales Institute Cardiff and an Associate of Chartered Institute of Marketing UK.

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 |
|---|---|---|--|---|
-

VALUE CREATION MODEL

CAPITAL INPUTS



Financial Capital

Shareholders' funds of **Rs 4,975Mn**
Customer deposits of **Rs 19,186 Mn**
Borrowings of **Rs 6,072 Mn**



Manufactured Capital

Investment of **Rs 317 Mn** in our Manufactured Capital which includes a network of **50** branches island wide



Human Capital

Competencies, attitude and experience of our team of **751** 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
Strong values and business ethics.



Natural Capital

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

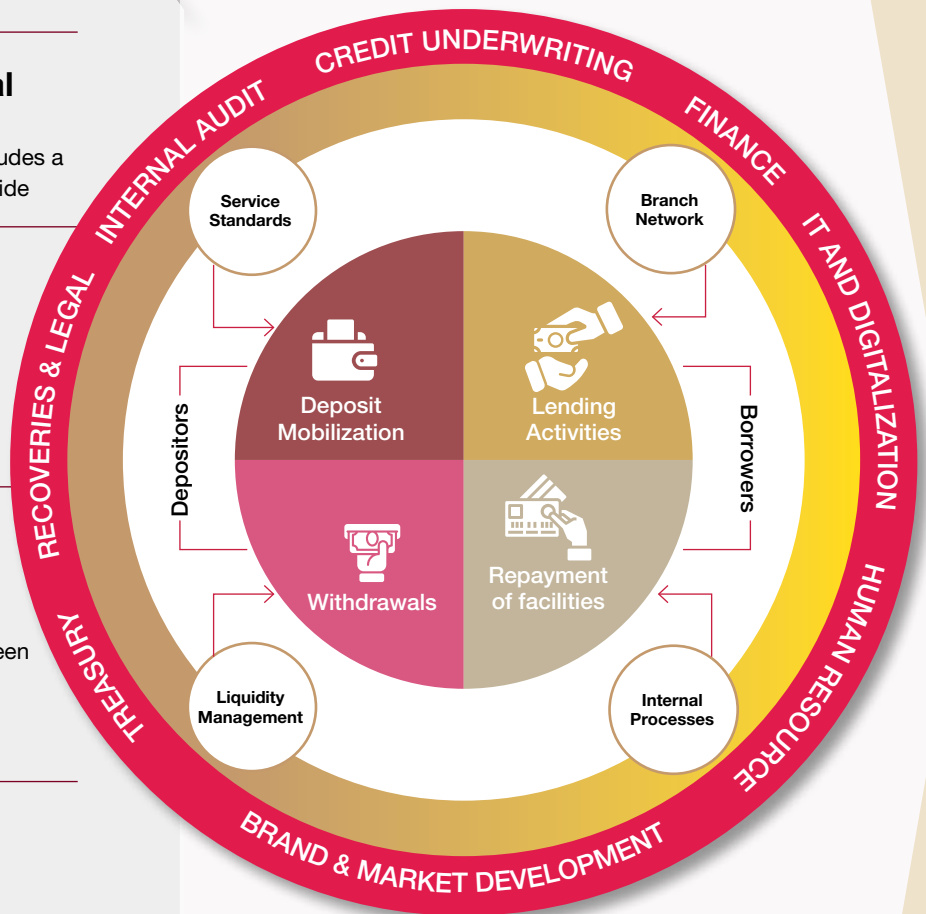
1000 trees planted

26% decrease in carbon footprint

VALUE CREATION

Our Vision:

To be the Foremost Finance Company in Sri Lanka



Focused Strategy

Corporate Governance

Risk Management

Stakeholder Expectations

Operating landscape

Shift Towards Digitalization

Government Policies

Shift in Consumer Preferences

Recessive Economy and Uncertainty

→ OUTCOMES

**Financial Capital**

(Pg 32)

- Strong balance sheet
- Increased equity to **Rs 4,975Mn**
- **Rs 409 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 48)

- Trust
- Customer satisfaction
- Investment in CSR

**Intellectual Capital**

(Pg 52)

- Brand value
- Tacit knowledge
- Robust systems and processes

**Natural Capital**

(Pg 55)

- Paper recycled weight 320kg.

→ OUTPUTS/ IMPACTS

Shareholders

- Net asset value per share: **Rs 24.62**
- Earnings per share: **Rs 2.02**
- Investment opportunities

Customers

- **Rs 28,000 Mn** loans disbursed
- Interest of **Rs 4,528 Mn** paid to depositors
- Convenience in business transactions

Employees

- Payments of **Rs. 925 Mn** to employees
- **162** employees promoted during the year
- Career progression and empowerment

Business Partners

- Long term relationships with 450+ suppliers
- Transparency

Government

- Timely and Accurate tax payments to government
- 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

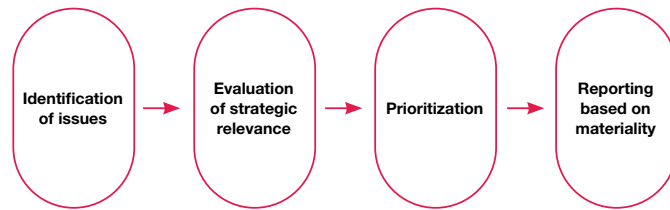
Material matters are represented by issues that significantly impact on the Company’s ability to create value. The material matters support our thoughts, reporting processes, governance and strategy development. Each focus area impacts the Company’s ability to create value in the short, medium and long term. We believe that effectively managing our material issues are critical to achieving our strategic objectives and meeting stakeholders’ expectations.

Determining Materiality

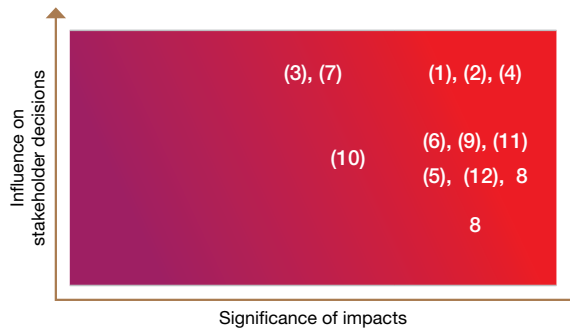
The process we use in determining material issues has evolved over the years as our commitment to sustainability continues to strengthen. Our focus on materiality is based on both internal and external stakeholders and these material aspects contribute significantly towards shaping our operational activities and strategic ambitions.

Materiality Determination Process

The materiality determination process is carried out with the aim of addressing key topics based on their potential impact on our ability to create value. This process is crucial to drive performance and strengthen commitment towards sustainability practices. The process commences with effective engagement with all our key stakeholder groups and information obtained through these sources are further analysed to determine the significance of each topic by comparing the probability of its occurrence against the magnitude of its impact.



The outcomes of the materiality assessment for 2022/23 is illustrated below:



Following are the material matters that have an impact on the company’s strategic direction, capitals, risks, opportunities and its ability to create value overtime. These material matters help us to determine the actions required to enhance value creation, while shaping our strategic focus.

Material matter	Change in materiality compared to 2021/22	Stakeholders impacted	Corresponding GRI topic
(1) Macro-economic conditions including movements in interest rates	▲	Shareholder / customers	GRI 201: Economic Performance
(2) Regulatory and policy developments	▲	Shareholders/ customers	
(3) Responsible business practices	▲▲	Community / customers/ employees/ shareholders	GRI 417: Marketing and labelling
(4) Employee satisfaction	▲	Employees	GRI 401: Employment GRI 404: Training and education
(5) Branch upgrade	▲	Customers / employees	
(6) Customer service excellence	▲	Customers / employees	
(7) Digital transformation	▲	Customers / employees	
(8) Organisational culture	▲	Employees / customers	

Material matter	Change in materiality compared to 2021/22	Stakeholders impacted	Corresponding GRI topic
(9) Compliance	▲	Regulators / employees/ shareholders/ Community	GRI 307: Environmental Compliance GRI 419: Socioeconomic compliance
(10) Financial inclusion	▲	Customers / Community	
(11) Environmental impacts	▲	Community / Shareholders	GRI 302: Energy
(12) Community relationships	▲	Community	GRI 301: Raw materials GRI 302: Energy GRI 305: Emissions

Continuous Assessment of Material Matters

The Company considers stakeholder involvement, analytical data and information, as well as trends in the macroeconomic, regulatory and social environments to constantly identify and evaluate the matters that are important to operations and the creation of value for stakeholders.

Interacting with our Stakeholders

As a financial institution we value the relationships we build with our stakeholders as it directly affects the success of our business. We strive to continuously collaborate and engage with our stakeholders on an ongoing basis. This helps us to manage the overall engagement framework of the Company and to manage expectations of our stakeholders. Stakeholder mapping is a regular part of our review process and we ensure that we set in place a process that promotes a positive and productive engagement process to build quality relationships with our stakeholders.

Capital Management Reports

**FINANCIAL
CAPITAL**

Our financial capital is the pool of funds available to us for deployment, which includes debt, retained earnings and equity funding. It is also the key resource that ensures all other capital achieve their desired outcomes. How we manage and utilise our financial capital is fundamental to our ability to create sustained value for our stakeholders. This year, we focused on protecting our financial resilience by focusing portfolio quality, responding to changing customer preferences and maintaining healthy liquidity and capital levels.

**HIGHLIGHTS OF 2022/23**

- Expansion of the gold loan portfolio
- Ongoing focus on preserving portfolio quality
- Strategic emphasis on expanding the deposit base
- Decrease in interest bearing loans and borrowings

VALUE ADDED

Interest income increased by 40%	Fee and commission income growth of 16%	Expansion of customer deposit base by 56%
Loans and advances increased by 14%	Decrease of impairment charge by 111%	Increase in asset base 6%

Link to material issues

- Macroeconomic conditions including movements in interest rates
- Regulatory and policy developments

SDG focus**FINANCIAL PERFORMANCE****Net Interest Income**

The net interest income for the financial year was impacted by various factors. The interest income on loans increased due to the expansion of the gold loan portfolio and a rise in market rates from April 2022. Due to the increase in market rates, the Company raised the interest rates for its products, which led to an evident increase in loans and advances portfolio of 14%, mainly due to gold loans and loans against FD. However, we witnessed a contraction in the leasing segment by 31%, which negatively impacted interest income. Despite this, the excess funds were invested in treasury bills and bank deposits, which in turn created a positive impact on our net interest income. The FD base increased by 56% and the FD rates were repriced in alignment with the new market interest rates. On the other hand, variable-rated debentures were affected by the increase in market interest rates, leading to an increase in the cost for the Company. Consequently, the net interest margin decreased from 62% to 37%, mainly due to the lower return yield of the leasing portfolio, which was granted before the interest rate hike and the interest cost escalations mentioned above.

<h1>50</h1> <p>Branches</p> 	<p>Interest-Bearing Borrowings</p> 	<p>Customer Deposit Base</p> 	<p>Total Shareholders' Fund</p> 
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Rs. 24,197 Mn
Net Loans and Advances

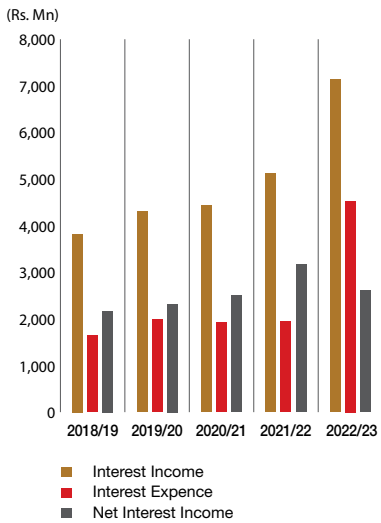
Rs. 6,072 Mn

Rs. 19,196 Mn

Rs. 4,975 Mn



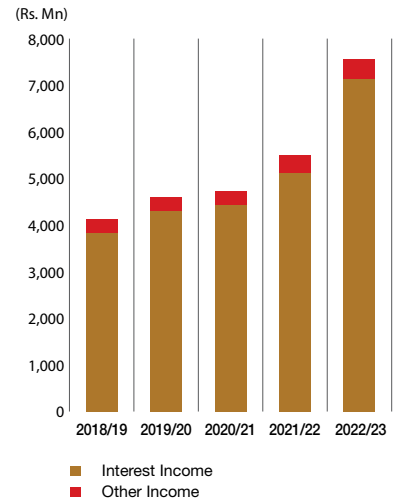
Net Interest Income



Other Income

During the year, fee and commission income increased to Rs. 340 million from Rs. 293 million. The service charge income increased to Rs. 240 million from Rs. 187 million, mainly due to the increase in gold loan service charges in alignment with the surge in gold loan business. The gains on translation of foreign currency decreased from Rs. 30 million to Rs. 12 million due to relatively greater depreciation of the Sri Lankan rupee when compared with the previous year. Overall, the Company's total other income increased to Rs. 410 million from Rs. 373 million, showcasing a 10% growth.

Income Trend



Impairment Charges

Our lending portfolio accounts for over 75% of the total assets. Therefore, the quality of our assets portfolio depends heavily on the quality of the lending portfolio. Strong emphasis on collections and recoveries as well as the decline of the lease portfolio resulted in a 111% drop in impairment charges from Rs. 413 million to a reversal of Rs. 44 million, despite prevailing challenges in the operating environment and adverse macroeconomic conditions that emerged during the year. The key reason for this reversal was the decrease in the lease portfolio. Continuous monitoring and the implementation of a systematic recovery plan, which included visits to customers, were carried out throughout the year in order to contain NPL's.

However, the gross NPL ratio increased to 11.49% from 8.73% last year, mainly as a result of the increase in arrears of gold loan customers. NPL ratios for the current and preceding year were calculated based on 120 days past due.

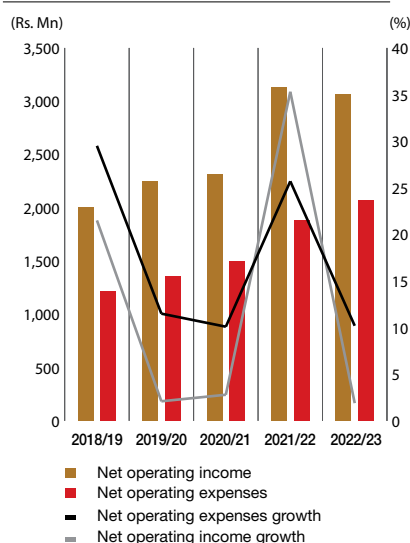
Capital Management Reports

FINANCIAL
CAPITAL

Operating Expenses

Internal factors such as the expansion of its geographic footprint through the addition of seven new branches, the extension of the gold loan facilities across its branch network and external environment factors such as inflationary pressures, fuel prices and rupee devaluation, resulted in an increase in the Company's operating expenses. Resultantly, operating expenses rose by 10% to Rs. 2,073 million with personnel expenses and other operating expenses increasing by 9% and 7%, respectively. The Company's cost-to-income ratio (operating expenses as a percentage of operating income) increased to 69% from 53% recorded in the previous year, underpinned by the decrease in total operating income and increase in the total operating expenses.

Net Operating Income and Expenses



Taxation

Taxation on financial services increased by 10% to Rs. 317 million—mainly due to the Social Security Contribution Levy (SSCL) which came to effect from 01st October 2022. The SSCL rate applied during 2022/23 was 2.5%.

Income tax decreased by 20% to Rs. 270 million due to the decrease in operating profit and the reversal of deferred tax expense. Further, the increase in the tax rate resulted in an expansion in the deferred tax asset which resulted in reversal of the deferred tax expense. The impact of the increase in tax rate valued to Rs. 20 million.

With effect from 01st October 2022, the income tax rate was increased to 30% from 24%. The Company applied the revised income tax rate of 30% in line with the Inland Revenue Amendment Act No. 45 of 2022 to calculate the deferred tax expense.

Profitability

The profit before interest and tax of the Company decreased by 29% to Rs.679 million during the year due to the substantial decrease in the net interest margin. Despite this, the Company placed strategic emphasis on high-yielding products, timely repricing of assets and liabilities and on ensuring a healthy portfolio to curb the adverse effects. The profit after tax of the Company decreased by 34% to 409 million as a result of a drop in the operating profit.

The equity of the Company increased to Rs. 4,975 million from Rs. 4,775 million. Earnings per share decreased to Rs. 2.02 from Rs. 3.07 the previous year, while return on equity decreased to 8.39% from 13.66% in 2021/22.

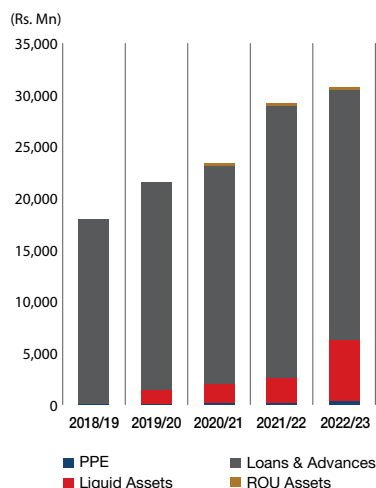
FINANCIAL STABILITY

Total Assets

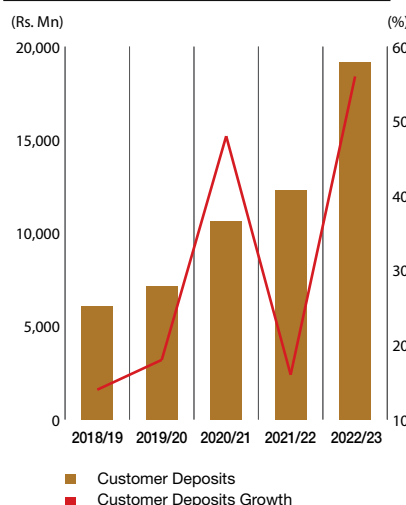
During the financial year, Singer Finance witnessed an increase of 6% in its total assets, which reached Rs. 31,949 million as at 31st March 2023. This increase was primarily driven by the significant growth in gold loans and investments in treasury bills and bank deposits. The total investment portfolio rose by 146% to 5,963 million. However, the loans and leases portfolio decreased by 8% to Rs. 24,197 million, mainly due to the contraction of the lease portfolio. This contraction was caused by the restrictions on vehicle imports and low demand for credit due to high-interest rates prevailing in the economy. Despite the decline in the lease portfolio, the loans and advances portfolio increased by 14% to Rs. 15,310 million, primarily due to the expansion of the gold loan portfolio.

The Company's liquidity position remained strong with cash and cash equivalents, placements with banks and investments in government securities increasing by 146% as at the year-end. Resultantly, the Company's statutory liquidity ratio of 21.18% stood comfortably above the regulatory minimum requirement. The net book value (NBV) of our fixed assets has shown impressive growth, increasing by 40% to Rs. 624 million and is a testimony to the Company's expansion plans. This growth was primarily due to the expansion and refurbishment of our branch network. As we continue to prioritise our branch network, we invest in infrastructure to ensure that our customers have access to modern facilities and a comfortable banking experience.

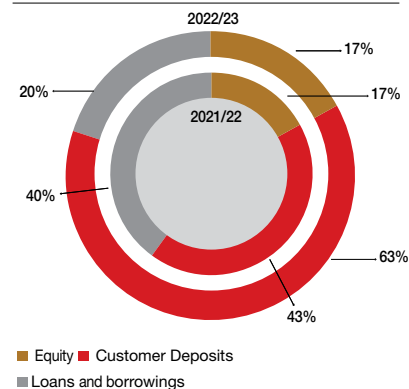
Assets Composition



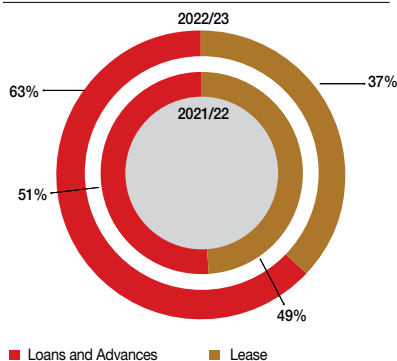
Customer Deposits



Funding Composition



Lending Portfolio Composition



Funding

The Company's total liabilities expanded by 6% to Rs. 26,974 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, marketing initiatives and the interest rate hike bore fruit during the year as the Company's customer deposit base rose by 56% to Rs. 19,196 million as at the year-end.

The interest-bearing loans and borrowings decreased by 47% to Rs. 6,072 million as at the year-end. This was due to the settlement of high interest-bearing borrowings and settlement of ODs utilising the excess cash of the Company. The Company's funding composition remained dominated by customer deposits accounting for 63% of the funding base, followed by borrowings through loans at 20% and equity at 17%.

Capital

We have continued to improve our capital adequacy ratios over the past several years. Total shareholders' funds expanded by 4% to Rs. 4,975 million, supported by profit generation contributing to tier 1 and total capital ratios of 20.01% and 25.60%, respectively, by end of March 2023, standing comfortably above the regulatory minimum requirement of 8.5% and 12.5%, respectively.

Capital Adequacy Ratios

	2022/23	2021/22	2020/21
Core Capital Ratio (%)	20.01	15.89	14.34
Total Capital Ratio (%)	25.60	21.74	14.34

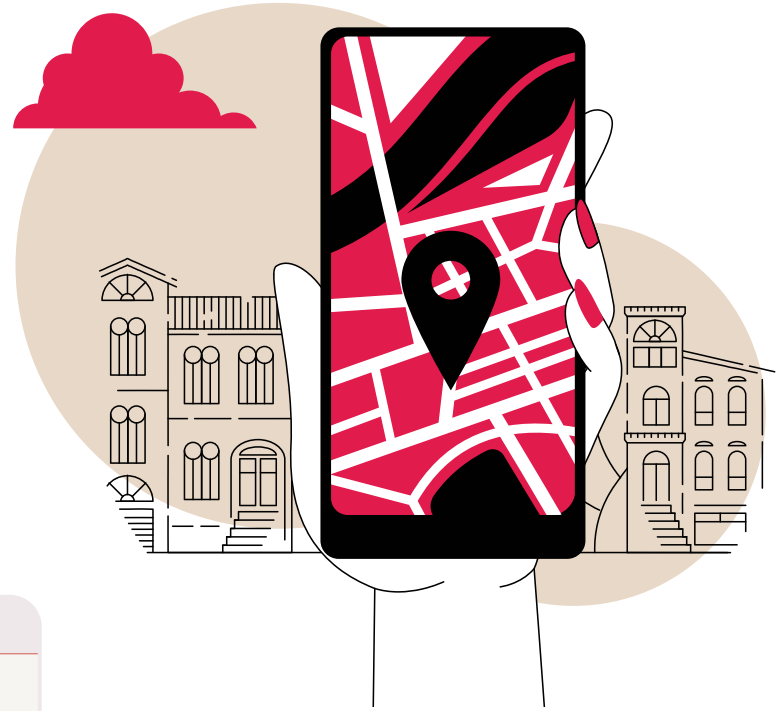
FUTURE FOCUS

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

Capital Management Reports

MANUFACTURED CAPITAL

Singer Finance has built its resources in both physical branches and digital infrastructure, which serve as the basis for customer accessibility. The company has been concentrating on developing both its physical presence and digital infrastructure simultaneously, aiming to improve customer engagement and market share.



HIGHLIGHTS OF 2022/23

Expansion of the Company’s network by incorporating seven new branches

Advancement of Singer Finance transformation by enabling online channels

Internal processes improvements through digitalisation to provide efficient and effective services to customers

VALUE ADDED

Investment of Rs. 317 million in enhancing the Company’s manufactured capital	Enhancement of customer convenience and customer- focused solutions	Ongoing enhancements to improve internal processes efficiencies
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Link to material issues

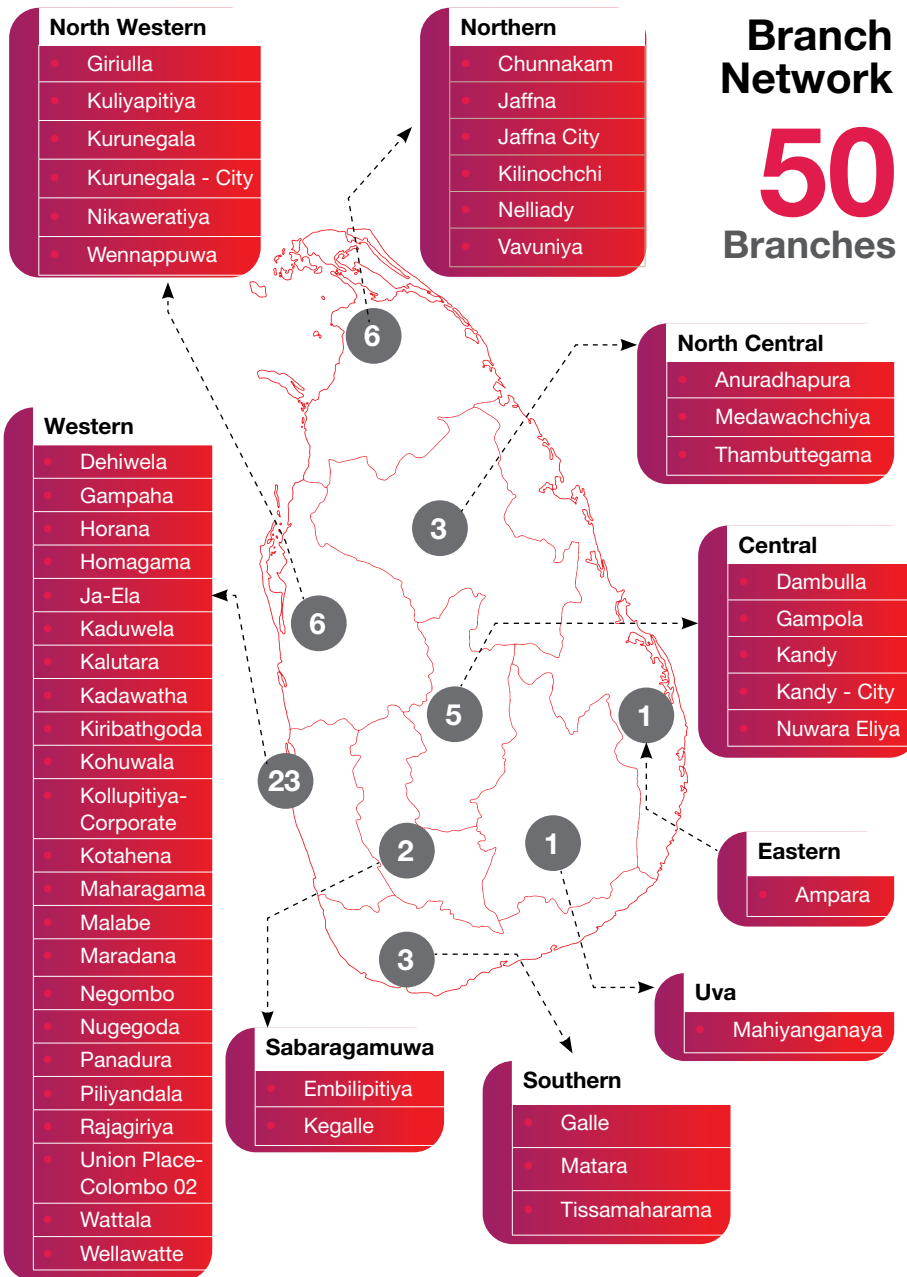
- Branch upgrade
- Digital transformation

SDG focus



Branch Network

Singer Finance has a network of 50 branches spread across 18 districts in 9 provinces and it leverages the Group synergies of Singer Sri Lanka’s 400+ outlets to connect with customers. This extensive physical presence is of significant advantage to the Company, allowing it to reach more customers and to expand its business. Despite the challenging conditions of the previous year, Singer Finance has continued its growth strategy by expanding its branch network. Our continuous expansion has allowed Singer Finance to serve a more diverse range of customers with personalised solutions. In line with the Group’s rebranding strategy, seven branches have been renovated with modern designs, both inside and out, to enhance the customer experience and create a sleeker appearance.



Delivering value through our branch network

Reaching out to different branches of the Company to achieve the strategic goal of delivering customised services to clients

Identifying and approaching low- and middle-income customers who typically fall beyond the risk appetite of banks

Engaging with customers to enhance their financial literacy and getting them to patronise regulated financial service providers leading to financial inclusion

Establishing enduring connections by engaging closely with customers to understand their requirements and presenting a comprehensive value proposition.



Capital Management Reports

**MANUFACTURED
CAPITAL****Digital Transformation**

Singer Finance has initiated a transformational process to revamp its services according to the Company's future-fit strategy. The emphasis is on utilising technology-driven business development initiatives to reinforce internal processes, improve efficiency and provide customers with an enhanced experience through digital capabilities. In support of this objective, Singer Finance invested Rs. 23 million during the year to enhance its digital infrastructure.

Strengthening Customer Experience

The exceptional move towards digital platforms that the pandemic prompted persisted into 2022 and we responded quickly by enhancing our digital services for customers. We are currently concentrating on improving our digital offerings to provide customers with seamless, secure and adaptable solutions via our digital channels. As we continue to progress in our digital transformation, we have introduced several services to provide convenient and secure solutions.



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

Investments were made throughout the year to develop the necessary procedural and technical infrastructure to take advantage of Business Intelligence (BI) tools. There was a greater emphasis on data-driven decision-making, which led to several significant initiatives aimed at enhancing internal processes as detailed below-

- Utilisation of data mining and machine learning technologies for analysing and processing vast amounts of data collected through various customer interactions.
- Adoption of secure data warehousing systems to generate advanced data analytics and dashboards.
- Transformation of manual processes such as account closures and claims processing into an automated settlement process.
- Improvement of workflow efficiency by converting physical documents into digital format.
- Integration of a mobile collection system utilising handheld devices for deposit collection and recoveries.
- Implementation of geotagging to optimise route planning based on the location of customers.

FUTURE FOCUS

- Continuously upgrade our technological infrastructure and optimise our operational processes to enhance efficiency, mitigate risks and deliver superior financial services to our customers.
- Invest in cutting-edge technologies and digital solutions, to streamline operations, automate processes and improve the overall customer experience.
- Expand the branch network to enhance our reach and accessibility to customers across the country.
- Introduce our innovative e-wallet app which revolutionises the way our customers engage in financial transactions and other payments, enabling them to seamlessly make utility payments and conduct various financial transactions, providing them with a hassle-free experience.

Capital Management Reports

**HUMAN
CAPITAL**

With 751 employees who are nothing short of dynamic and passionate, we are a force to be reckoned with. Their unwavering commitment has been the driving force behind the Company's strength and agility, allowing operations to continue uninterrupted even in the face of challenging conditions. As a Company, we recognise and reciprocate that commitment by offering a work environment that is not only rewarding but also fosters the development of individual competencies, enabling employees to flourish personally and professionally.

**HIGHLIGHTS OF 2022/23**

Sustained a satisfied workforce
Fostered a culture of growth and development
A place of equal opportunity for all
Maintained a safe and healthy workplace
Maintained a high employee retention rate
Competitive, 1:1 gender ratio (F-28% and M-72%)

VALUE ADDED/ERODED

Rs. 925 million payments to employees	Rs. 6 million investments in training and development	162 employees promoted during the year
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Link to material issues

- Employee satisfaction
- Organisational culture
- Responsible business practices

SDG focus

**Fostering an Equitable and Ethical Workplace: Our Comprehensive HR Framework**

- Recruitment and promotion are based on merit, ensuring that employee background does not play a role in career advancement.
- Remuneration is based on an 'Equal Pay for Equal Work' policy, which prioritizes performance-based rewards over any other factor.
- The Company encourages its employees to practice work-life balance by creating a conducive work environment.
- The Company ensures that all employees are treated fairly and equally, without any discrimination.
- Flexible working arrangements are provided to enable women to thrive in their careers while maintaining a healthy work-life balance.

Capital Management Reports

HUMAN CAPITAL

At our Company, our people management approach is rooted in our comprehensive HR framework, designed to promote equitable treatment of all employees and compliance with regulatory requirements and industry best practices. Our robust policies and procedures are largely aligned with those of the Singer Group, but we have also refined them to reflect the unique sensitivities and dynamics of our industry.

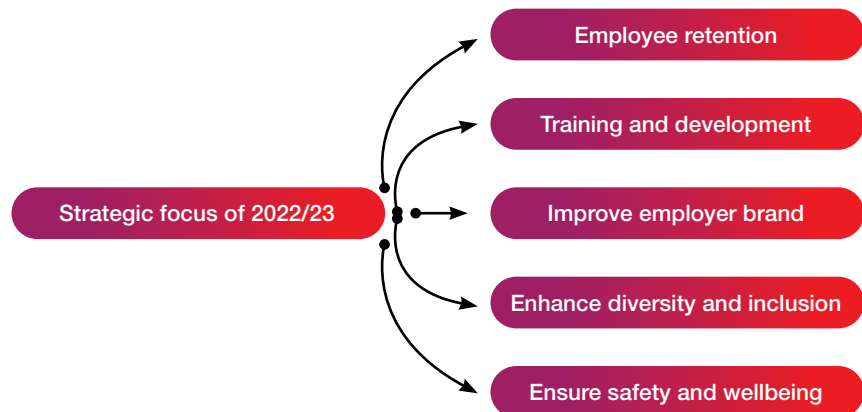
Our Board-approved HR framework serves as a foundation for creating a workplace environment that values diversity, equal opportunity, integrity and transparency. The Employee Code of Conduct, in particular, sets out our expectations for professional and ethical conduct among all employees. When they join our team, every employee provides a written commitment to adhere to the principles and guidelines laid out by the Code of Conduct.

We are committed to keeping our policies up to date with emerging practices, ensuring their ongoing relevance. In the past year, we have updated and introduced new policies to support our commitment to fostering an equitable and ethical workplace. We believe that this approach not only ensures compliance with regulatory requirements and industry best practices but also creates a workplace culture that attracts and retains top talent, fosters employee engagement and ultimately contributes to our continued success.

Employee Management

Singer Finance is committed to fair and impartial recruitment based solely on merit and talent, regardless of an individual's background, religion or sexual orientation. Our focus on employee retention, equitable

remuneration and reward ensures a performance-driven culture. We prioritise training and development to equip our employees with the skills required to succeed in their roles and advance their careers. Our team is composed of talented individuals across all levels, contributing to our knowledge base and creating a healthy mix of seasoned veterans and ambitious youth.



Team Profile

Our Company is powered by 751 talented individuals across all levels, from management and executives to clerical staff. In line with our growth aspirations and expanding branch reach, we welcomed 124 new members to our team in the past year. One of the things that sets our team apart is their youthfulness, with an average age of 32 years. This demographic contributes to our Company's dynamism and agility, which allows us to stay ahead in today's fast-paced business landscape. While we take pride in our youthful energy, we also value the experience and expertise of our employees. Approximately 32% of our workforce has been with us for more than five years, contributing to our knowledge base and creating a healthy mix of seasoned veterans and ambitious youth.

All our employees are engaged full-time, with a vast majority (96%) in the permanent cadre. What is more, we are proud to say that all our senior managers and 100% of our employees are hired from the local community. By doing so, we are making a direct contribution to regional development and economic empowerment.

At Singer Finance, we are committed to creating a diverse and inclusive workplace that celebrates individual differences such as race, religion, sexual orientation and talents. We strive for gender parity and have strengthened our policy framework, employee practices and HR strategy to provide women with equal opportunities to achieve their career aspirations while maintaining a healthy work-life balance.

Age-Wise Head Count Distribution

Age Bucket	Female	Male	Grand Total	Overall %	Female %
18 to 25 years	40	61	101	13.4%	40%
26 to 35 years	126	293	419	55.8%	30%
26 to 45 years	35	156	191	25.4%	18%
45+ Years	8	32	40	5.3%	20%
Grand Total	209	542	751	100%	28%

Grade-Wise Head Count Distribution

Grade	Female	Male	Grand Total	Overall %	Female %
Executive	26	142	168	22%	15%
Non-Executive	183	400	583	78%	31%
Grand Total	209	542	751	100%	28%

Employee Grade	Female	Male	Grand Total	Overall %	Female %
Executive	26	142	168	22%	15%
Junior Executive	15	24	39	5%	38%
Executive	2	28	30	4%	7%
Senior Executive	1	2	3	0%	33%
Junior Management	5	40	45	6%	11%
Senior Grade Junior Management		24	24	3%	0%
Middle Management	1	5	6	1%	17%
Senior Middle Management		7	7	1%	0%
Assistant General Manager		2	2	0%	0%
Senior Management	2	8	10	1%	20%
Key Management		2	2	0%	0%
Non-Executive	183	400	583	78%	31%
Grand Total	209	542	751	100%	28%

Employee Recruitment

At Singer Finance, we pride ourselves on our commitment to fair and impartial recruitment. Our Recruitment Policy ensures that our talent acquisition process is transparent and unbiased, with recruitment based solely on merit and talent, regardless of an individual's background, religion or sexual orientation. To streamline this process, we have implemented a recruitment tracker system that enables efficient online data compilation. Over the past year, we were able to recruit 124 new employees to expand our branches and fill vacancies.

New Recruitments

Gender	No of Employees
Female	55
Male	69
Grand Total	124

Age Category	No of Employees
18 to 25 years	56
26 to 35 years	49
26 to 45 years	13
46+	6
Grand Total	124

Employee Retention

Attracting and retaining high-potential individuals who are able to support our evolving business needs is critical to our success. Our employee retention rate for 2022/23 stood at 76%, reiterating our commitment to creating a stable and sustainable workforce. Our Open-Door Policy encourages employees to discuss their grievances while an annual survey allows us to collect feedback on their concerns. We saw 191 employees exit through natural attrition during the year, but we were able to maintain an annual turnover rate of 24%.

Capital Management Reports

**HUMAN
CAPITAL**

Attrition Data-Monthly

Year	Month	Female	Male	Grand Total
2022	April	3	13	16
	May	6	9	15
	June	3	10	13
	July	9	8	17
	August	2	14	16
	September	4	10	14
	October	-	12	12
	November	4	16	20
	December	2	10	12
	2022 Total		33	102
2023	January	5	16	21
	February	5	11	16
	March	9	10	19
2023 Total		19	37	56
Grand Total		52	139	191

Attrition Data - Grade Wise

Grade	Female	Male	Grand Total
Trainee	9	6	15
Non-Executive	38	116	154
Junior Executive	1	3	4
Executive	1	2	3
Junior Management	2	6	8
Senior Grade Junior Management	-	4	4
Middle Management	1	2	3
Grand Total	52	139	191

Attrition Data - Age Wise

Age Bucket	Female	Male	Grand Total
18-24	17	40	57
25-29	21	44	65
30-34	7	32	39
35-39	3	13	16
40-44	3	9	12
45-49	-	1	1
Above 55 years	1	-	1
Grand Total	52	139	191

Attrition Data - Tenure Wise

Tenure Bucket	Female	Male	Grand Total
Below 1 year	19	43	62
1 to 2 years	21	49	70
3 to 5 years	6	34	40
6 to 8 years	3	7	10
9 to 10 years	1	2	3
Above 10 years	2	4	6
Grand Total	52	139	191

Remuneration and Rewards

At Singer Finance, we believe in providing equitable remuneration to all employees based on meritocracy. Our Remuneration Policy is aligned with industry practices and ensures competitive compensation that maintains a 1:1 ratio between men and women. We maintain a transparent reward system that nurtures a performance-driven culture.

To further our digitalisation agenda, we have shifted several employee processes to digital platforms, including the recent upgrade to the web-based Human Resources Integrated System (HRIS). These efforts have enabled us to make performance-driven decisions regarding employee career progression and to function more efficiently.

All executive and above employees undergo annual evaluations through a clearly communicated Key Performance Indicator KPI based performance management framework. Each department head is responsible for assessing skills shortages and training needs based on the annual appraisal to determine the division's requirements. Annual increments and bonuses are paid to eligible employees based on their performance. We are committed to maintaining equitable and competitive remuneration and rewards for all our employees while nurturing a performance-driven culture.

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

Training and Development

At Singer Finance, we are committed to creating a dynamic and well-equipped workforce with the ability to drive our strategic objectives. Our talent development agenda is aligned with this

aspiration. We identify training requirements throughout the year and compile them into a comprehensive training calendar. Our programmes are designed to bridge any gaps in skills identified through performance evaluations, enabling upward career mobility.

We facilitate our employees through a range of internal and external training programmes to pursue their personal and professional career growth. Our new recruits undergo an orientation programme led by the Management Team and HR Department, given the relatively young demographic profile. During the year, we conducted 34 training programmes, covering 19.57 hours per actual employee. We are committed to providing our employees with opportunities for learning and development to equip them with the skills required to succeed in their roles and to advance their careers.

Average Training Hours Per EMP	13.21
Average Training Hours Per Actual EMP	19.57
Average Training Cost Per EMP	Rs. 8,044.24
Average Training Cost Per Hour	Rs. 609.01
Average Training Cost Per Actual EMP	Rs. 11,915.63
Average Training Hours Per Male	15.48
Average Training Hours Per Female	7.33
Average Training Hours Per Executive	28.17
Average Training Hours Per Non-Executive	8.90
Total Training Cost	Rs. 6,041,224.50

Training Programmes

Training Programme	No.of Participants
Online Programme on Financial Reporting for Banks and Non-Bank Financial Institutions	3
Advanced Diploma in Credit Management	7
Advanced Excel Data Analytics / Visualization / Infographics with Introduction to Power BI Dashboards	5
Advanced MS Excel for Data Analysis	3
Awareness Session on "Foreign Exchange Regulations"	3
Basis of Vehicle Valuations	3
Business Letter Writing and Email Etiquette	51
Cashier Training Forex Buying process	43
Course on Practical Application of VAT & RAMIS	2
Credit Training Programme for Branch Staff (Credit Process & Procedures)	101
Data Visualisation for Business Professionals using Tableau Public	1
Debt Collection in Tough Times	10

Capital Management Reports

**HUMAN
CAPITAL**

Training Programme	No. of Participants
Diploma in Credit Management	47
FHA Webinar on Vehicle Valuation	4
Fixed Deposits Documents Scanning Training	26
Hayleys Group Orientation - April 2022	1
Hayleys Group Orientation - May 2022	2
ICAAP Development & Implementation for Non-Bank Financial Institutions	1
Labour Law for Line Managers	3
Lead Certification Programme	52
One-Day Workshop on "Be an Effective Leader"	1
Practical Approach in Performance Management Programme	2
Professional Business/Marketing Infographic Presentations with Advanced PowerPoint	1
SFL Call Centre Out-Bound Training Programme	21
Short Course in Fundamentals of Building a Data Science Practice	2
Special Training Programme for Recently Recruited Cashiers (Session-01)	17
The Art of Debt Collection in Tough Times	102
Training Programme on Compliance for Non-Bank Financial Institutions	2
Training Programme on AML/CFT Compliance for Financial Institutions	1
Training Programme on Credit Evaluation	82
Webinar on SLFRS 13	1
Workshop on Gold Loans Operation	17
Workshop on Personal Data Protection Act No. 09 of 2022	3
Regulatory Framework Relating to Non-Bank Financial Institutions	2

Succession Planning

Each year, we conduct performance appraisals to recognise and reward employees for their hard work and identify areas where they could benefit from additional training. We are also committed to providing opportunities for our staff to grow and develop. Last year alone, we had 18 employees. Internal Promotions lateral moves within the organisation to give our employees fresh challenges and to help them broaden their skill sets. And we are proud to say that 162 employees were promoted during that time, showing that our dedication to career progression is 18 internal paying off. By investing in our people and providing them with the support and opportunities they need to succeed, we are building a strong and sustainable organisation that will thrive for years to come.

Promotions

Gender/ Age	Exec	Non Exec	Grand Total
Female	5	37	42
Above 30	5	13	18
Below 30	0	24	24
Male	35	85	120
Above 30	30	36	66
Below 30	5	49	54
Grand Total	40	122	162

Performance Appraisals

Employment Grade	Female		Male	
	Female Count	Performance Appraisals	Male Count	Performance Appraisals
Executive	26	Online Excel - Based Manual	142	Online Excel - Based Manual
Non-Executive	183		400	
Grand Total	209	-	542	-



Employee Wellbeing and Safety

Singer Finance understands the importance of employee wellbeing, especially during challenging times. Despite the relative normalisation of operating conditions post COVID-19, we continued to be diligent in maintaining hygiene and safety practices to minimise the risk of a similar spread. In addition, the Company recognises that new variants of the disease and the Sri Lankan economic crisis have created further complexities and uncertainties, making it even more important to prioritise the wellbeing of our employees. In response to these challenges, Singer Finance has implemented a number of measures to support its staff. There were no work-related injuries or reported instances of work-related ill health during the year.



Employee Engagement

Fostering employee engagement is a crucial element in achieving success as it creates a sense of community and keeps employees motivated. Despite the pandemic imposing limitations on engagement efforts, we executed various initiatives to promote camaraderie among employees and their loved ones.



Employee engagement channels	Christmas Party, Annual Gents' and Ladies' Picnic, Annual Service Awards, LEAD Certification Programme (Branch Management Development Programme)
Interacting with management	Welcome 2023, Town Hall Meeting
Opportunities to build unity	Christmas Party, Annual Gents' and Ladies' Picnic



Christmas Party

Capital Management Reports

**HUMAN
CAPITAL**

LEAD Certification Programme



Service Awards



Welcome 2023

**Gender Parity**

The organisation is dedicated to fostering a work environment that promotes diversity and inclusivity. To achieve this, we recognise the significance of promoting gender equality. We have taken measures to reinforce our policy framework, employee practices and human resources strategy to create a workplace where women can pursue their career goals while maintaining a healthy work-life balance. 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.

Policies**Diversity and inclusion**

- Equal opportunity employer

Remuneration

- No gender-based discrimination on remuneration

Harassment prevention

- Anti-Sexual Harassment Policy
- Whistleblower Policy
- Grievance Handling Policy
- Open-Door Policy

Training opportunities

- Equal opportunities for training and development

Practices

- Recruitment and promotion based on merit, regardless of employee background.
- Remuneration based on 'Equal Pay for Equal Work' Policy prioritising 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.

Return to work after maternity leave

Parental Leave	2022/23	2021/22
Employees entitled to maternity leave	209	205
Employees on maternity leave	7	3
Employees who returned after maternity leave	6	1
Employees who stopped after maternity leave	-	-
Employees still in employment 12 months after returning from maternity leave	1	All

FUTURE FOCUS

- Continue to embed and promote our employee value proposition and employer brand and develop a better, more efficient talent delivery model.
- Continue to provide training and include digital elements within our talent acquisition and talent development strategy.
- Maintain our focus on gender equality and generational diversity.
- Developments in Human Resources Information System to embed a Non-Executive Performance Management Framework in existing platform.
- Bringing new technology to streamline the field staff administration process and eradicating using papers. This also improves efficiency.
- New developments to existing Learning Management System via introducing behavioral competency checking process.



Welcome 2023



Employee Picnic



Women's day



Annual Picnic



Outbound training



Service Awards

Capital Management Reports

**SOCIAL AND
RELATIONSHIP CAPITAL**

Our social and relationship capital refers to the valuable connections we have established over time with our customers, businesses and community. These relationships are fundamental to our success, and we are committed to enhancing them through mutually beneficial value creation. Our goal is to cultivate strong partnerships that are built on trust, respect and shared objectives. By working together, we can create a meaningful and lasting impact, both for our organisation and our stakeholders.



HIGHLIGHTS OF 2022/23

Enhanced customer interaction through digital channels and expanded the network by opening seven new branches

Provided assistance to customers during the pandemic by offering relief measures

Rs. 163 Mn moratoriums provided

VALUE ADDED

Generated Rs. 6,247 Mn in revenue from new clients

Invested Rs. 73 Mn in marketing communications to enhance the brand and attract more customers.

Rs. 1.9 Mn investment in CSR initiatives

Link to material issues

- Responsible business practices
- Customer service excellence
- Financial inclusion
- Community relationships
- Compliance

SDG focus



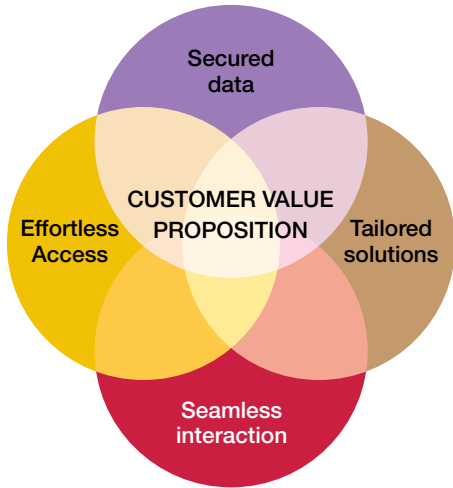
Providing Greater Value To Our Customers

Singer Finance is in the business of providing lending solutions to individuals and small- to medium-sized enterprises, with a customer base that exceeds 95,000. Our portfolio of lending solutions includes leasing, consumer durables, gold loans and other loans. As part of the Singer Sri Lanka Group, we have the unique advantage of leveraging their extensive customer base of over 5.2 Mn in the durables market.

We are proud to have built our reputation on the foundation of trust, ethics and service excellence. Compliance with legal and regulatory requirements is a top priority for us, We are dedicated to providing our customers with the best possible service. Our approach to customer relationship management is centred on fostering long-term, mutually beneficial relationships through engagement, empathy and exceptional service. This sets us apart in an industry that is often characterised by purely transactional customer interactions.

The recent economic crisis in Sri Lanka, marked by disruptions and volatile economic conditions, necessitated support measures to be extended to our valued customers. To this end, we established a dedicated unit aimed at reviving the post-crisis situation and segmented our loan book to identify vulnerable customers in a proactive manner, allowing us to provide them with the necessary facilities. We are proud to have been able to support our customers during this challenging time and we remain

committed to providing them with the necessary support and solutions to help them navigate through these tough economic conditions.



Effortless Access and Seamless Interaction

In addition to our physical branches, we have also invested in online channels to further enhance the convenience and accessibility of our services. By offering our customers the ability to engage and conduct transactions online, we are better able to meet their needs and provide them with a seamless experience, whether they choose to interact with us in person or through digital means.

Our continued focus on expanding our reach and investing in new channels is a testament to our commitment to delivering exceptional customer service and providing our customers with the solutions they need to achieve their financial goals.

Tailored Solutions

We prioritise identifying and meeting emerging customer needs through tailored solutions that put the customer first. To ensure uninterrupted service, we have expanded our customer engagement channels to include digital and social media platforms. Our team of 200 marketing staff is equipped to provide customised solutions from start to finish. Customers can also easily reach us through our dedicated hotline, email and chat bot services to provide feedback or lodge complaints.

We have established a systematic approach to addressing all customer complaints, regardless of their size or impact, reflecting our commitment to resolving issues and improving customer satisfaction. To incentivise retention of our valued customer base, our marketing team proactive seeks out opportunities for solutions.

We understand the significance of well-trained professionals who excel in their daily tasks and provide excellent service to our customers. Our commitment to this principle involves continuous investment in various channels to ensure our teams have access to the relevant information needed to maintain high-quality standards. We firmly believe that the expertise and competence of our employees are key factors in delivering exceptional customer experiences alongside our comprehensive infrastructure.

Over the year we expanded into

Name of the town	District	Province
Ja-Ela	Gampaha	Western
Kadawatha	Gampaha	Western
Dehiwela	Colombo	Western
Homagama	Colombo	Western
Kilinochchi	Jaffna	Northern
Jaffna city	Jaffna	Northern
Nelliady	Jaffna	Northern

50
Branches

Online Payment Gateway

Digital Banking Solutions

200 Marketing Staff Strength

Rs. 1,369 Mn
Payments Facilitated Through Digital Platforms



77% Customer Retention | **12%** Growth in Customers

95,395
Customer Base

FB Star 4.7/5

Customer Satisfaction Score

Complaints received – 36

Complaints resolved – 36

Capital Management Reports

**SOCIAL AND
RELATIONSHIP CAPITAL****Customer privacy**

Rapid changes in the technological landscape have led to increased scrutiny around data management processes. Accordingly, we place increasing emphasis on customer privacy and data security and we have invested in state-of-the-art IT infrastructure and stringent internal controls to maintain the privacy of information.

In line with our Business Continuity Plan (BCP), we continued to maintain a comprehensive disaster recovery centre in an offsite location in real time together with an online data replication system.

Information regarding all our products are clearly communicated to customers which enabling more informed decision-making. During the year, there were no instances of non-compliance concerning product and service information or marketing communications or loss of customer data.

**STRENGTHENING OUR
PARTNERSHIPS**

At Singer Finance, we recognise the importance of building strong, long-lasting relationships with our suppliers and service providers. Our organisational culture places great emphasis on nurturing these partnerships and we always strive to ensure that both parties benefit from the collaboration.

In order to conduct our business with transparency and integrity, we strictly comply with industry regulations and make timely payments to our partners. We have implemented various policies to govern our relationships with suppliers, including our Outsourcing Policy, which covers all outsourcing arrangements with third-party service providers.

Additionally, our Non-Disclosure Agreements ensure that confidential information is safeguarded when shared with service providers or vendors. We also believe in rewarding exceptional performance and our best performing business partners are recognised and rewarded accordingly. For instance, we offer incentives to business introducers who consistently deliver exceptional service.

We collaborate with more than 450 suppliers, outsourcing partners and service providers and endeavour to maintain a mutually beneficial partnership that creates value for both parties. Our supply chain is made up of a range of suppliers of varying sizes and categories.

Direct Suppliers

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

**Outsourced suppliers**

- Courier services
- Call centre services
- Janitorial services
- Tea services

Procurement Best Practices

As per our procurement guidelines, it is mandatory that comparative assessments are conducted between suppliers to evaluate such matters as quality, compliance standards, certifications, warranties, price competitiveness as well as their relevant experience, skills, expertise and business reputation and history with past and present clients. We strive to ensure that our procurement practices are ethical, cost-effective and quality-sensitive.

Outsourcing Policy

Our Outsourcing Policy governs all arrangements with third-party service providers of operational functions that would typically be handled by company personnel.

UPLIFTING THE COMMUNITY

Our focus on community development aims to create sustainable and lasting positive impact on the local community and the wider nation. To reinforce our commitment to CSR, we have set up a Sustainability Committee to oversee and carry out our planned initiatives for the year. Throughout we have initiated various CSR projects, which are listed below:

- Library construction for rural school - කියවීම් අන්වැල
- Donation of computers to school IT laboratories - පුංචි අපේ පරිගණක විද්‍යාගාරය
- Christmas day lunch for elderly and children- දෙනදාක නත්තල්
- Stationery Donation to school children together with Tree for Every Tuk-Tuk
- Financial literacy workshops for school-going students
- Lottery stalls donation

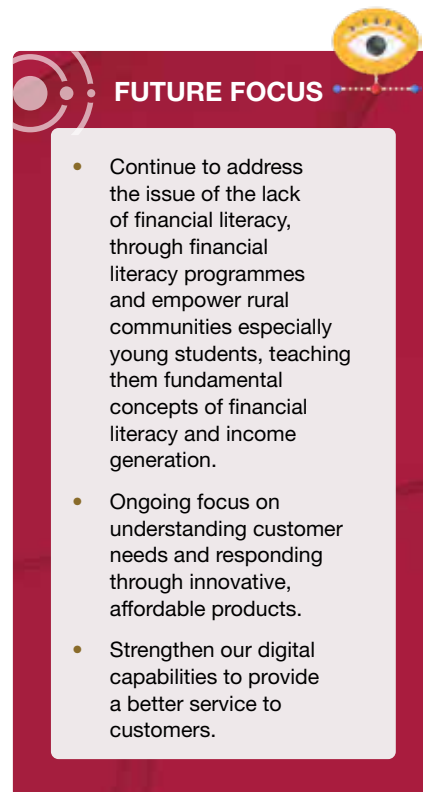
Further details on these can be found in our sustainability section of this Annual Report on pages 134 to 141.

NURTURING PROFESSIONAL ALLIANCES

The Company has taken great strides in building strong relationships with industry, business and professional institutions by obtaining membership with them. Our commitment to maintaining these valuable connections not only enhances our stakeholders relationships but also offers a wealth of professional development opportunities for our key employees. By holding memberships with esteemed associations like the Finance Houses Association and the Chamber of Commerce, we are continually enriching our industry know-how and bolstering our professional reputation.

At Singer Finance, we pride ourselves on the calibre of our team members. We have professionals who have established extensive networks within various institutions and associations in Sri Lanka. They hold memberships in renowned professional bodies such as CA Sri Lanka, CIMA, CIM, CMA and AAT. These prestigious affiliations not only elevate our Company's reputation but also provide invaluable growth opportunities for our employees.

We are committed to supporting our employees' professional development and recognise the importance of these associations. As such, we proudly cover the annual membership fees of our employees to ensure they can continue to take advantage of the many benefits these associations offer.



FUTURE FOCUS

- Continue to address the issue of the lack of financial literacy, through financial literacy programmes and empower rural communities especially young students, teaching them fundamental concepts of financial literacy and income generation.
- Ongoing focus on understanding customer needs and responding through innovative, affordable products.
- Strengthen our digital capabilities to provide a better service to customers.

Capital Management Reports

**INTELLECTUAL
CAPITAL**

Over time, our Company has cultivate and honed its brand value, technical expertise, and process knowledge, which together form its intellectual capital and give it a significant advantage over competitors.

HIGHLIGHTS OF 2022/23

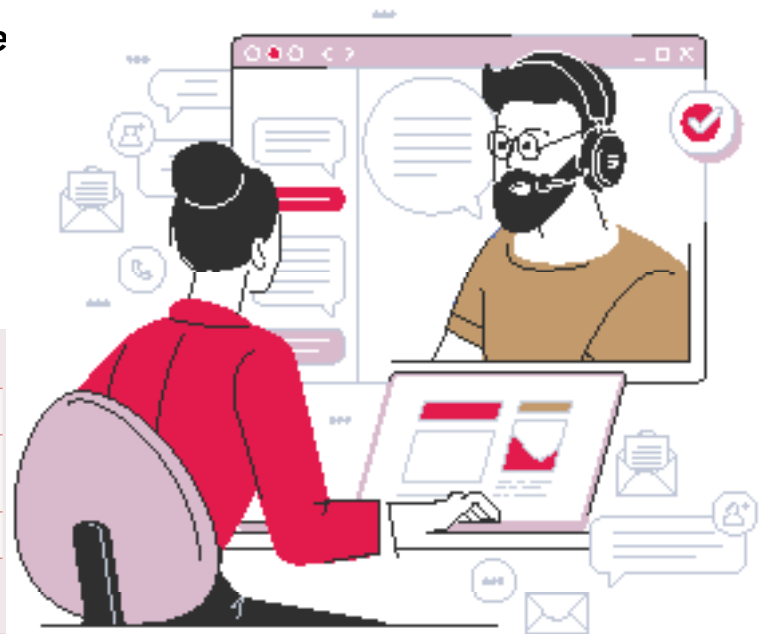
- Developing the brand through various initiatives
- Consistent investment in the training and development of employees, fostering growth.
- Improving internal processes through automation of work.

VALUE ADDED

Rs. 73 mn investment towards brand building	Continuous attention to improving efficiencies can help grow financial capital	Developing a strong base of organisational capital that allows us to nurture human capital
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Link to material issues

- Responsible business practices

SDG focus

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

To achieve these ambitious goals, we recognize the paramount importance of building our intellectual capital. By nurturing and developing our brand value, technical expertise, and process knowledge over the years, we have become a key source of competitive advantage within the industry. This commitment to intellectual capital has allowed us to cultivate trust and instil confidence in our customers, ensuring they benefit from our strong financial profile and creditworthiness.

Our approach to building our intellectual capital encompasses various strategic initiatives. We focus on understanding the pulse of our customers, engaging with empathy, and providing flexible solutions during times of uncertainty. By embracing ethical practices and upholding our core values of integrity, excellent customer service, and governance, we preserve the trust associated with the Singer brand while establishing ourselves as a distinct entity.

**EMPOWERING PROGRESS, FOSTERING TRUST:
BUILDING OUR INTELLECTUAL CAPITAL**

At Singer Finance (Lanka) PLC, we have carved out a unique identity in the financial services sector, leveraging the strength of Singer brand which carries a rich heritage spanning over 145 years and the strength of the ultimate parent company Hayleys. We have built strong relationships and nurtured deep bonds by understanding the pulse of the people, enabling us to uplift communities and foster their financial well-being.

Our journey has been marked by a commitment to customer-centricity, making it the core focus of our operations. By continuously evolving to meet the changing needs and aspirations of our customers, we have established a solid foundation for our transformational journey ahead.

Our Mission

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

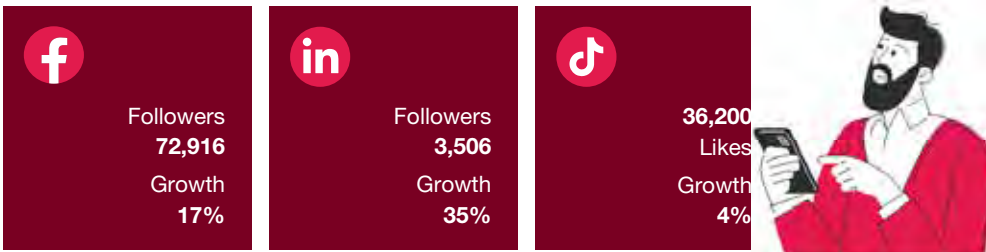


ORGANISATIONAL KNOWLEDGE THAT DRIVES GROWTH

Our organizational ethos is built on leadership and mentoring, and the Company continues to cultivate a collaborative and knowledge-sharing culture. Singer Finance encourages open communication among its employees and values their feedback, enabling them to participate in decision-making processes. The Company’s growth aspirations are centred on upskilling its talent through training and development initiatives to build diverse teams that are future-ready. Attracting and retaining the right talent is also a core element of strengthening our value delivery and we continue to focus on developing and retaining valuable talent within the organization as described in detail in the Human Capital Report on page 39.

ELEVATING OUR PRESENCE; BRAND VISIBILITY AND MARKETING STRATEGIES

In the past year, Singer Finance aimed to enhance the prominence of its brand through strategic and tactical campaigns that involved Above-The-Line promotions, including hoardings, street nameboards, radio, and print media. Additionally, the Company placed a stronger focus on Below-The-Line advertising.



Campaigns	Business Introducer Network	Group Synergies	Group Sales
<ul style="list-style-type: none"> • Cash Hunt campaign • Savings Marathon • Double Cash Spinner • Mega promotional campaigns such as town storming and townhall meetings • Leaflet distribution • Door to door marketing campaigns 	<ul style="list-style-type: none"> • An island-wide network of over 2300 independent freelancers • Suggestions and referrals for potential clients 	<ul style="list-style-type: none"> • Singer showroom network with more than 1,500 direct and indirect selling points • Singer and Hayleys network for agricultural equipment financing 	<ul style="list-style-type: none"> • Leading company in consumer financing for consumer durables sold by Singer Sri Lanka (PLC)

Capital Management Reports

INTELLECTUAL CAPITAL

OUR SYSTEMS, OPERATIONS AND PROCEDURES

Singer Finance has been prioritizing internal efficiency improvements by upgrading and reviewing systems and processes to align with the current business environment. We have invested in process automation and workflow to reduce manual operations and improve accuracy. This has freed up employee time for more value-adding activities. To enhance back-end systems and information processing, BI tools have been adopted for data gathering and analytics. Consequently, the upgrades in systems and processes have resulted in considerable cost and time efficiencies, while improving service delivery.

Recognizing the increased reliance on technology, Singer Finance has implemented a comprehensive IT policy that provides guidelines and a response plan for IT asset utilization, management, and protection. To promote user awareness and protection, we have conducted employee knowledge sharing campaigns and established internal controls that restrict user access. This approach to data and system security ensures that Singer Finance remains safe from external threats and vulnerabilities.

IT Security Policy Highlights

- Ensuring the confidentiality and integrity of information
- Mitigating the costs associated with security breaches
- Safeguarding the reputation and brand image of the company

INTEGRITY IN ACTION: UPHOLDING ETHICAL STANDARDS AND REGULATORY COMPLIANCE

Singer Finance emphasizes its commitment to building and maintaining customer trust through a comprehensive compliance framework overseen by a dedicated compliance officer. The framework includes constant review

and update of internal policies and procedures to align with relevant laws and regulations, as well as a Code of Conduct, Code of Ethics, and Whistleblowing Policy to promote ethical practices and a culture of compliance.

To enhance the security, integrity, and protection of systems, the Company has an Outsourcing policy that provides detailed guidance and awareness programs for employees with access to customer information. The policy also ensures adherence to industry best practices for customer information handling.

Code of Ethics Highlights

- Uphold honesty, objectivity, and diligence in all duties performed.
- Adhere to applicable laws and regulations while conducting business operations.
- Ensure the confidentiality of commercial and price-sensitive information is maintained.
- Rigorously avoid offering or accepting any form of bribery, whether directly or indirectly.

CUSTOMER PRIVACY AND DATA SECURITY

With the rapid acceleration in digital transformation across businesses, we continue to invest more in security of our digital infrastructure. Accordingly, we have implemented stringent measures in accordance with our IT policy and regulatory standards to safeguard the confidentiality and privacy of our customers' information. We have established a partnership with a reputable back-end service provider certified with the latest Payment Card Industry Security Standard V3.2 (PCIDSS), ensuring that we uphold the highest level of data protection and security.

CERTIFICATIONS

SSL certification for Online Banking & Internet Payment Gateway.

FUTURE FOCUS

Looking ahead, we are committed to further enhancing our brand excellence and embracing digitalization to drive business excellence. We recognize the importance of staying at the forefront of technological advancements and will continue to invest in digital processes to streamline our operations and improve efficiency.

As part of our strategic roadmap, we will pursue continuous process enhancements across all aspects of our business. By identifying opportunities for improvement and implementing innovative solutions, we aim to optimize our operations, enhance customer experiences, and achieve sustainable growth.

In line with our digitalization efforts, we are excited to announce the upcoming introduction of our E-Wallet app. This new offering will provide our customers with a convenient and secure platform to manage their financial transactions, further enhancing their banking experience.

Capital Management Reports

NATURAL CAPITAL

The main source of the Company's impact on the environment is the use of water, electricity and paper by its employees. Although the impact is not very high we are dedicated to consistently reducing our carbon footprint and decreasing paper usage. Our plan for the environment aims to educate our employees about being environmentally conscious, so they use resources responsibly and promote positive change. We are devoted to using resources optimally, making changes in our attitudes and behaviour and pledging to reduce, reuse and recycle whenever we can, all to lessen our impact on the environment.



Our approach

At Singer Finance PLC, we understand that environmental sustainability is essential to the longevity of our planet and as such, we have implemented comprehensive Environmental, Social and Governance (ESG) strategies. Focus on our interactions with the natural environment, including energy usage, pollution, natural resource utilisation, conservation efforts and waste management.

Our main aims are centred on conserving the planet, minimising our carbon footprint and shaping a greener future for generations to come. To achieve these goals, we have created strategies that cover various aspects of environmental management, including material and waste management, energy management and water management.

HIGHLIGHTS OF 2022/23

Implemented comprehensive ESG strategies for conservation efforts and waste management.

Implemented sustainable energy, waste and water management measures.

Carried out several environmental conservation projects.

VALUE ADDED

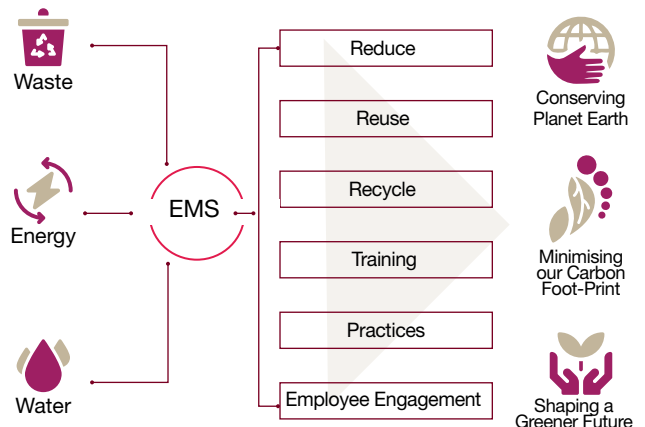
Rs. 0.3 Mn investment in environmental sustainability initiatives	1000 trees planted	26% decrease in carbon footprint	Paper recycled weight 320kg.
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Link to material issues

- Responsible business practices
- Environmental impacts
- SDG icons



Environmental Management System (EMS)



Capital Management Reports

NATURAL
CAPITAL

Material and waste management

In today's world, waste management is more critical than ever. Anything that is no longer of use in the regular business cycle or utility is categorised as waste. At Singer Finance (Lanka) PLC, we take this issue seriously and we have established waste management strategies that guide all our activities in this regard.

Our strategy emphasises the use of efficient waste reduction methods, focusing on sustainable practices to minimise our impact on the environment. We recognise that waste can be harmful, even when disposed of sustainably and can pose a threat to our land, air and water quality.

Therefore, we have set measurable targets to ensure ongoing improvement in waste management and we are committed to meeting these targets to lessen our impact on the environment. By implementing our strategies, we believe that we can create a positive impact and contribute to a healthier, and a more sustainable future.

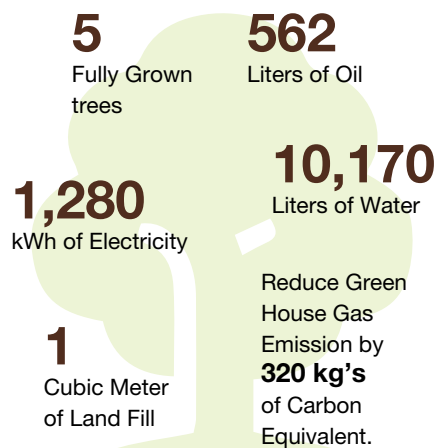
1. Singer Finance implemented a paper recycling program for waste paper in our head office and branches. This initiative helps to reduce waste sent to landfills, conserve natural resources and decrease the negative impact of paper production on the environment.
2. Our Company encourages employees to reduce their usage of polythene and lunch sheets. By doing so, we aim to minimise waste, conserve natural resources and prevent plastic pollution.
3. Singer Finance adopted the Reduce, Reuse, Recycle approach to paper usage in all our operations. This approach minimises waste, conserves natural resources and reduces the negative impact of paper production on the environment.
4. We segregate waste in separate bins with clear signage in all our branches and head office. This practice has increased the amount of material that we recycle, reduced the amount of

waste sent to landfills or incinerators and conserved natural resources.

5. Our company uses eco-friendly materials in the interior decor of all new branches. This initiative promotes sustainable practices, reduces the use of natural resources and promotes energy efficiency.

Paper recycled weight 320kg.

The environmental return on this paper recycling investment translates to the saving of;



Energy management

Singer Finance (Lanka) PLC strives to use energy as economically, ecologically and efficiently as possible. We recognise and believe that is a precious resource, making energy conservation a top priority. We aim to reduce energy consumption across all our operations, raise productivity and efficiency, improve working conditions and promote sustainability. The energy management strategies that we have established, aim to create a consistent framework of reference for setting targets and conducting initiatives based on the Company's dedication to efficient energy use.

Our key energy management initiatives

1. Installing solar panels across our branches was a great way for us to harness clean, renewable energy and reduce our carbon footprint. We were able to significantly reduce our energy consumption and costs by providing an alternative source of electricity. Additionally, using solar panels contributed to our reputation for being environmentally conscious, which helped us attract like-minded customers.
2. Our Company uses inverter air conditioners in branch operations as an energy-efficient alternative to traditional air conditioning units. By regulating the speed of the compressor, inverter air conditioners reduced energy consumption and saved money. Using inverter air conditioners in warmer climates, where air conditioning was used more frequently, allowed us to reduce our carbon footprint while also saving on energy costs. We strictly operated air conditioners during working hours at the head office and in branches, resulting in a reduction in our energy consumption and costs.



3. We converted the lighting in our office and branch buildings to energy-efficient LED technology, replacing traditional lighting systems. This significantly reduced our energy consumption and costs. Additionally, LED lighting technology produced less heat, which helped to reduce the energy required for air conditioning.
4. We encouraged employees to switch off unnecessary lighting whenever possible, a simple yet effective way to reduce energy consumption and costs. This resulted in a significant reduction in our energy usage and helped to promote a culture of environmental consciousness within our company.



Kwh of Electricity

2021/2022	1,178,069
2022/2023	993,636
Difference	184,433
% of decrease	15.66

Water management

Water is an indispensable resource that plays a critical role in our daily lives. However, water shortages, poor management and the impact of climate

change on water resources could result in an unequal distribution of water, particularly in regions where water is scarce. At Singer Finance, we recognise the significance of water and the negative implications of its scarcity.

To ensure that our water usage is in accordance with regulatory standards, we have included water management in our company. We are committed to the sustainable management and use of water resources in all our operations. Our water management strategies not only outlines our commitment to enhancing our water usage but also encourages best practices in water efficiency throughout our value chain. We believe in the responsible management of water resources and strive to ensure that all our activities reflect this commitment.

Our water management initiatives

1. Adhering to our Company’s Water Management strategies and initiatives is critical to ensuring sustainable water usage across our operations. By strictly following these initiatives, we avoid unnecessary water wastage and ensure that all our activities align with our commitment to responsible water management.
2. Managing and reducing water leakage at our head office and branch network involved regular monitoring and maintenance to prevent water wastage from leaks. This initiative has significantly reduced our water usage and helped us conserve water resources.
3. Installing sensor taps in newly opened branches is an effective way to reduce water usage. By automatically shutting off water when not in use, sensor taps can significantly reduce water wastage, thereby reducing our overall water consumption.
4. Providing water-related awareness and sensitisation training for all employees is essential to promoting

water conservation and efficient usage practices. By educating our employees on responsible water usage practices, such as turning off taps when not in use, we have been able to reduce unnecessary water wastage across our operations.

5. Implementing water reduction and efficiency measures, such as fixing leaks and using low-flow faucets and toilets, significantly reduces overall water usage. These measures help us conserve water resources and minimise our environmental impact.
6. Displaying messages on the ‘green walls’ of our branches regarding the value of saving water through posters to help create awareness among customers and promote responsible water usage practices.



Capital Management Reports

**NATURAL
CAPITAL****FUTURE FOCUS**

We will continue to prioritise environmental stewardship by implementing measures to minimise our ecological footprint, conserve biodiversity and promote renewable energy sources. Additionally, we will actively engage in partnerships with local communities and relevant stakeholders to foster responsible resource management. By embracing the concept of sustainability and incorporating it into our decision-making processes, we aim to enhance long-term value creation while safeguarding the natural resources. Through ongoing innovation and adoption, we are committed to achieving sustainable growth that not only benefits our company but also contributes to the wellbeing of the planet and future generations.



**Through ongoing innovation
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RISK MANAGEMENT

At the heart of Singer Finance's operational framework lies risk management. As an institution that accepts deposits, the Company is committed to diligently overseeing both risks and opportunities. The scope of risks faced by the Company encompasses market, credit, operational, strategic, compliance and financial dimensions. To ensure these risks are effectively and efficiently managed in accordance with the Company's strategic direction, robust risk management and internal control systems have been meticulously crafted.

RISK LANDSCAPE

The prevailing economic crisis has thrust us into an elevated risk landscape. Our country's economic environment has been subject to a series of shocks since 2019, starting from the April attacks and culminating in the COVID-19 pandemic and subsequent economic turmoil in 2022. These external factors have reverberated across various sectors, directly impacting the financial services industry. Over the past year, we have diligently observed the unfolding developments in the external landscape and their far-reaching consequences. Heightening interest rates, macroeconomic instability,

scarcity of foreign exchange liquidity, depreciation of the Sri Lanka Rupee, and the downgrading of the sovereign rating stand out as pivotal developments that we closely monitored. In our commitment to proactive measures, we conducted stress tests to identify potential events and assess the adequacy of the Company's capital and liquidity.

Within this dynamic landscape, Singer Finance places its risk management focus on the following key factors:

- Comprehensive understanding of the risks confronting the Company.
- Establishing a company-wide framework that enables assessment of the risk-return trade-off linked to these risks.
- Maintaining defined risk tolerances and supportive policies to mitigate exposure to specific risks or combinations of risks.
- Continuous monitoring of risk exposures and maintaining active oversight of the Company's overall risk and liquidity positions.
- Conducting stress tests to identify plausible scenarios and evaluate the Company's liquidity and capital in response to such scenarios.

Highlights of 2022/23

To address the heightened risks, Singer Finance has implemented the following risk management measures:

1. Implementation of an Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) monitoring system: During the year, the company introduced a robust system that allows real-time screening of all customers to ensure compliance with AML/CFT requirements. This implementation significantly

reduces the Compliance risk associated with AML/CFT.

2. Regular conduct of ALCO, Credit Committee, and AML/CFT meetings: The company has established a practice of conducting frequent meetings of the Asset Liability Management Committee (ALCO), Credit Committee, and AML/CFT meetings. The outcomes of these meetings are reported to the Integrated Risk Management Committee (IRMC).
3. Reporting of committee outcomes to the Board: The IRMC, responsible

for overseeing risk management, reports the outcomes of the aforementioned committee meetings to the Board of Directors. This ensures effective communication and transparency in risk management practices throughout the organization.

These risk management details serve as proactive measures to enhance compliance, decision-making, and governance within Singer Finance, bolstering the company's ability to mitigate and manage risks effectively.

RISK MANAGEMENT

Risk Universe	Market risk	Credit risk	Liquidity risk	Operational risk	Compliance risk	IT risk	Strategic risk
Risk Strategy and Appetite							
Board of Directors							
Board Sub-Committees							
Integrated Risk Management Committee		Audit Committee			Credit Committee		
<p>The risk management framework serves a crucial function by actively supporting the Board in fulfilling its role in effective risk management. This framework encompasses the following essential elements:</p> <ul style="list-style-type: none"> • Facilitating Board Engagement: It aids the Board in actively engaging with risk management processes and initiatives. By providing comprehensive information and insights, the framework enables the Board to make informed decisions regarding risk-related matters. • Defining Risk Appetite: The framework plays a pivotal role in determining the organization's risk appetite. Through thoughtful analysis and consideration, it establishes the level of risk the company is willing to accept in its pursuit of strategic objectives. This ensures a clear understanding of the organization's risk tolerance and guides decision-making accordingly. • Monitoring and Managing Key Risks: The framework provides a structured approach to continuously monitor and manage key risks. It establishes robust mechanisms to identify, assess, and prioritize risks based on their potential impact and likelihood. Through regular monitoring, the framework enables timely mitigation actions and adjustments to risk management strategies as required. • Reviewing Risk Management Approach: The framework facilitates periodic reviews of the organization's overall approach to risk management. <p>By conducting comprehensive evaluations, it ensures that risk management practices remain effective, aligned with industry best practices, and responsive to evolving threats and challenges.</p>		<p>The risk management framework incorporates an independent perspective in reviewing company-wide risks, constituting an integral part of the third line of defense against all risks. This independent perspective ensures a comprehensive assessment of risks, enhancing the overall risk governance structure of the organization.</p> <p>Furthermore, the framework evaluates and reviews the adequacy of internal controls, serving as a critical mechanism to assess the effectiveness of control systems in place. Through rigorous evaluations, it identifies any gaps or weaknesses in internal controls and proposes appropriate remedial measures.</p> <p>In addition, the framework diligently examines the compliance level with both internal policies and external regulations. It ensures that the organization adheres to established standards and regulations, reducing the potential for compliance breaches. Regular assessments help identify areas of non-compliance and guide corrective actions to mitigate compliance risks effectively.</p> <p>Moreover, the framework extends its scope to review the adequacy of compliance with statutory requirements and corporate governance principles. It evaluates the organization's adherence to legal obligations and ethical standards, fostering a culture of good governance and integrity.</p> <p>By performing these critical functions, the risk management framework strengthens the organization's risk mitigation efforts, enhances internal control effectiveness, and promotes a robust compliance culture across all levels of the organization.</p>			<ul style="list-style-type: none"> • Oversees the Management's establishment of appropriate systems to support measurement and control of Credit risk and periodic review on management strategies, policies and procedures for managing credit risk. • Reviews transactions with high credit risks and monitors material value and overdue accounts. • Reviews the credit policy in the light of new developments and evaluates the overall credit risk attached to the lending portfolio of the Company. <p>The risk management framework also encompasses the following key responsibilities:</p> <p>Establishment of Credit Risk Systems: The framework oversees the Management's efforts in establishing robust systems that facilitate the measurement and control of credit risk.</p> <p>Furthermore, the framework conducts periodic reviews of management strategies, policies, and procedures for managing credit risk to ensure their effectiveness and alignment with the organization's objectives.</p> <p>Examination of High Credit Risk Transactions: The framework closely reviews transactions that carry significant credit risks. It monitors the material value and status of overdue accounts, providing a comprehensive assessment of credit risk exposure. By closely monitoring these transactions, the framework enables timely identification of potential risks and facilitates appropriate mitigation measures.</p>		

Risk Universe	Market risk	Credit risk	Liquidity risk	Operational risk	Compliance risk	IT risk	Strategic risk
Risk Strategy and Appetite							
Board of Directors							
Board Sub-Committees							
Integrated Risk Management Committee		Audit Committee			Credit Committee		
						<p>Evaluation of Credit Policy and Portfolio Risk: The framework conducts regular evaluations of the credit policy, taking into account new developments in the market and the industry. It assesses the overall credit risk associated with the lending portfolio of the Company, considering factors such as diversification, credit quality, and portfolio performance. These evaluations ensure that the credit policy remains relevant and effective in managing credit risk within acceptable parameters.</p> <p>Through these responsibilities, the risk management framework provides a systematic approach to credit risk management. It enhances the organization's ability to measure, control, and monitor credit risks effectively, while also facilitating the ongoing evaluation and improvement of credit strategies and policies.</p>	

Management Committees

Asset Liability Committee

Oversees and manages the liquidity position and related risks including interest rate risk.

Anti-Money Laundering / CFT Committee

Oversees the risks associated with AML/CFT

Risk policies:

The Company has established a range of risk-related policies that govern various areas of its operations. These policies are carefully crafted to define the risk appetite of the organization. By adhering to these policies and taking necessary actions guided by them, the Company has been able to navigate through a highly volatile external environment and make steady progress during the financial year.

These risk-related policies serve as guiding principles for managing different types of risks that the Company faces. They provide a framework for identifying, assessing, and mitigating risks in areas such as market risks, credit risks, operational risks, and financial risks. The policies outline the risk tolerance levels, specify the control measures to be implemented, and define the roles and responsibilities of key stakeholders in managing risks effectively.

By implementing the required actions based on these risk-related policies, the Company demonstrates a proactive and disciplined approach to risk management. This approach enables the organization to make informed decisions, allocate resources efficiently, and respond effectively to challenges and uncertainties in the external environment.

In a highly volatile financial landscape, the Company's commitment to following these risk-related policies has been instrumental in maintaining stability, resilience, and progress. It underscores the organization's emphasis on prudent risk management practices and contributes to its overall success in navigating through turbulent times.

APPROACH TO RISK MANAGEMENT

1st line of defence

Management and
internal controls

2nd line of defence

Risk Management
and Compliance

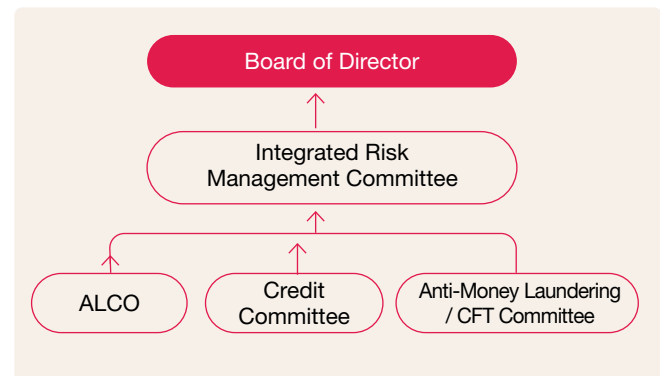
3rd line of defence

Board of Directors
Audit Committee
Internal Audit Department

RISK MANAGEMENT



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



The IRMC, comprising members of the Board and senior management, convenes on a regular basis to discuss and assess all risks relevant to the Company's operations. It serves as a platform for comprehensive risk discussions, strategic decision-making, and the formulation of risk management policies and procedures.

The Board's oversight role ensures that risk management practices align with the Company's overall objectives and regulatory requirements. It monitors the effectiveness of risk management initiatives, reviews risk exposures, and evaluates the adequacy of risk mitigation strategies.

The dedicated risk department, supports the IRMC and implements risk management processes throughout the organization. This department is responsible for identifying, measuring, and monitoring risks across various areas of the Company's operations. It provides ongoing reports and updates to the IRMC, enabling informed decision-making and ensuring that risks are adequately addressed.

The quarterly IRMC meetings allows for a comprehensive review of risks and ensures that the Board remains informed and engaged in risk management matters.

By establishing the IRMC and maintaining a dedicated risk department, the Board of Directors demonstrates its commitment to effective risk oversight and governance. This approach enhances the Company's ability to proactively identify, assess, and manage risks, ultimately safeguarding its interests and ensuring long-term success.

Given that risk management is the ultimate responsibility of the Board, it actively engages in reviewing the effectiveness of the Risk Management Framework. The Board ensures that the framework remains up-to-date and adaptable to dynamic changes occurring in the external environment. This proactive approach enables the organization to address emerging risks and challenges effectively.

The Board plays a crucial role in setting the Risk Appetite levels for

the organization. It establishes clear guidelines and boundaries regarding the level of risk the company is willing to accept in pursuit of its strategic objectives. These Risk Appetite levels serve as important benchmarks and are implemented by the corporate management throughout the organization.

To streamline the risk management process, the Board has delegated certain responsibilities to relevant Board Sub-Committees. These Sub-Committees are tasked with monitoring and assessing specific areas of risk. They provide regular reports to the Board on the current risk status of the Company, ensuring that the Board remains informed and can make informed decisions regarding risk management.

The Integrated Risk Management Committee (IRMC) plays a significant role in monitoring material risks and relevant risk appetites that require the attention of the Board. The IRMC acts as a specialized committee dedicated to overseeing risk management activities and ensuring that risks are appropriately

managed and mitigated. By closely monitoring material risks, the IRMC helps the Board focus its attention on critical risk areas.

Through these mechanisms, the Board maintains a robust governance structure for risk management. It ensures that risk management practices are effectively implemented, monitored, and reported to the Board on a periodic basis. This proactive approach allows the Board to fulfill its oversight responsibilities and make strategic decisions with a comprehensive understanding of the current risk landscape.

RISK STRATEGY

Being a Licensed Finance Company (LFC), your business inherently faces various risks. To proactively address these risks and minimize their detrimental impact, the Company has adopted a structured approach to risk management, along with defining appropriate risk appetite levels. Your risk management strategy is reinforced by the allocation of resources and the establishment of committees, which ensure effective governance.

By developing a comprehensive risk management framework, the Company demonstrates a commitment to identifying, assessing, and mitigating risks throughout the organization. This framework provides a systematic and integrated approach to managing risks, allowing for better decision-making and minimizing potential adverse consequences.

Allocating resources to risk management activities signifies the importance placed on effectively managing and controlling risks. This includes dedicating personnel, technology, and financial resources to support risk management initiatives. By doing so, it is ensured that risk management is given due attention and remains an integral part of your overall business operations.

The formation of committees further strengthens risk management efforts. These committees, comprising relevant stakeholders and experts, play a crucial role in overseeing and governing risk management processes. They provide guidance, review risk-related policies, and monitor the implementation of risk mitigation measures, fostering a culture of accountability and transparency.

Embedding risk management into key strategic and operational decision-making processes reflects a proactive and forward-thinking approach of the Company. By considering risks and incorporating risk analysis into decision-making framework, the Company enhances the overall resilience and sustainability of the business. This ensures that risks are appropriately assessed and managed, enabling the Company to seize opportunities while effectively navigating potential challenges.

Overall, the structured approach to risk management, supported by resource allocation, governance committees, and integration into decision-making processes, demonstrates the commitment to mitigating risks and safeguarding the interests of your Licensed Finance Company.

RISK APPETITE

Risk appetite is a crucial component of the Company's risk management framework, representing the level of risk that the organization is willing to accept in pursuit of its strategic objectives. The Board plays a key role in defining the risk appetite by considering various factors, including strategic business goals, the operating environment, stakeholder expectations, and regulatory requirements.

By assessing these factors, the Board determines the risk thresholds that the Company can tolerate for each material risk category. These thresholds establish the boundaries within which the organization operates and guides decision-making processes. Discussions

between Business Heads and relevant Board Sub-Committees help determine these tolerance limits, ensuring a comprehensive and collaborative approach.

In order to prioritize compliance and uphold regulatory standards, the Company maintains a zero appetite for non-compliance. This signifies that non-compliance with regulatory requirements is not acceptable, reflecting the organization's commitment to ethical conduct and adherence to legal obligations.

For other risks, the Company sets acceptable tolerance levels within the defined risk appetite. These tolerance levels indicate the degree of risk that the organization is willing to assume while still maintaining prudent risk management practices. This approach allows the Company to take calculated risks that align with its strategic objectives and risk capacity.

By establishing risk appetite and tolerance levels, the Company provides clear guidelines and boundaries for risk-taking activities. This promotes consistency, transparency, and accountability throughout the organization. It ensures that risk management efforts are aligned with the overall objectives and expectations of stakeholders, while also complying with applicable regulatory requirements.

RISK CULTURE

The cultivation of an overall risk culture within the organization is of paramount importance. This entails ensuring that every level of the company embraces and understands the significance of risk management. By instilling a strong risk-aware culture, the Company can enhance its business resilience and reinforce its risk management structure.

Developing a risk-aware culture is an ongoing and continuous process that requires the active participation and engagement of all staff members. To

RISK MANAGEMENT

achieve this, the Company prioritizes the training and education of its employees, providing them with the necessary knowledge and skills to identify, mitigate, and report risks effectively.

Throughout the year, the Company conducted several training programs focused on strengthening various aspects of risk management. These programs aimed to enhance risk identification capabilities, improve risk mitigation strategies, and promote accurate and timely risk reporting. By empowering staff members with the tools and information needed to navigate emerging risks, the Company fosters a culture of vigilance and proactivity.

Regular training and updates on emerging risks ensure that employees are well-equipped to identify potential risks and take appropriate actions to mitigate them. This builds a collective risk awareness within the organization, where employees are cognizant of the importance of risk management and actively contribute to the overall risk management efforts.

By investing in continuous training and development initiatives, the Company

demonstrates its commitment to building a robust risk-aware culture. This proactive approach not only strengthens the risk management capabilities of individual employees but also enhances the overall risk management structure of the organization.

In summary, by promoting risk awareness and conducting regular training programs, the Company strives to create a culture where risk management is ingrained at every level. This empowers employees to proactively identify, manage, and report risks, ultimately contributing to the Company's overall success in navigating the complexities of the business environment.

STRESS TESTING

The company recognizes the importance of assessing the impact of stress and hypothetical scenarios on its profitability and risk appetite. This is achieved through conducting stress tests for selected Key Risk Indicators (KRIs) at different levels of stress.

By subjecting these KRIs to various stress scenarios, the company can evaluate its ability to withstand adverse conditions in the external environment. This includes analyzing the potential

impact on profitability and risk appetite under different stress levels. Stress testing helps identify vulnerabilities, measure the resilience of the company, and inform decision-making regarding risk management strategies.

It is noteworthy that Singer Finance maintains capital levels that exceed the regulatory requirements. This indicates the company's commitment to maintaining a strong capital position, which serves as a buffer against potential shocks and ensures the company's stability and solvency.

During the periodic stress tests conducted by the company, no instances were reported requiring capital increases came to the attention of the management. This suggests that the company's existing capital adequacy is sufficient to withstand the stress scenarios analysed. This demonstrates prudent financial management and risk mitigation practices.

Overall, the company's practice of stress testing and maintaining adequate capital showcases its proactive approach to risk management. By conducting regular stress tests and exceeding regulatory capital requirements, Singer Finance enhances its resilience and safeguards its financial stability in the face of potential adverse events in the external environment.

Credit risk	
Definition	<p>As a lending organization credit risk is the most significant risk faced. 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 Company is guided by the Credit Policy and Manual for all credit risk related activities which acts as 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>A structured and standardised credit approval process and a borrowers evaluation model is used 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>An online system for credit approvals is in place 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 across borrowers and different sectors helps to spread the risk. 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 Company's network of 50 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.</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 and Group Loans further reduce our reliance on corporate customers thereby spreading risk.
Performance	<p>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.</p>

RISK MANAGEMENT

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	The Company is guided by the compliance requirements set by the regulator when assessing its risk parameters. Further internal controls are exercised over the operation and execution of market related transactions while facilitating growth within the set risk parameters of the Company.
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	<p>The Net Interest Margin (NIM) is managed to take action against the variances on a timely manner. This has ensured that the Company manages its NIM stabilizing its projected revenue. In a high interest rate regime which reflects the current situation it is important to match the maturity gap considering the portfolio and the funding mechanism of the portfolio. 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.</p> <p>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.</p>
Performance	<p>in response to the external vulnerabilities prevalent during the year, Singer Finance made strategic decisions to maintain the Net Interest Margin (NIM) at an expected level. To achieve this, the company placed greater emphasis on offering Gold Loan facilities as a primary lending product with adequate LTV levels.</p> <p>By focusing primarily on lending short-term gold loans, the company aimed to mitigate the risks associated with other loan products. This approach allowed Singer Finance to secure the loans with gold as collateral, providing an added layer of security and reducing potential credit risks.</p> <p>This strategic shift in the company's lending focus demonstrates a proactive response to the external vulnerabilities prevailing in the market. It allows Singer Finance to capitalize on the benefits of short-term gold loans, which contribute to maintaining the expected NIM and preserving profitability.</p> <p>By balancing risk considerations with profit objectives, Singer Finance shows its commitment to prudent risk management practices. This approach not only safeguards the company's financial position but also reflects a responsive strategy in adapting to the prevailing market conditions and customer preferences.</p>

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.</p> <p>All ratios remained well above all statutory liquidity ratios as the Company ensures it diverse sources of liquidity to create 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	<p>The Company is currently in a favorable financial position with ample liquidity and access to various funding sources. This includes holding excess cash, unutilized banking facilities, and the availability of external sourcing options. These factors contribute to the Company's ability to meet its funding requirements and support its operations effectively.</p> <p>The Company's deposit portfolio is well-diversified, with over 90% of the deposits coming from retail customers. This diversification is beneficial as it spreads the deposit risk across a wide customer base, reducing the concentration of deposits from any single source. By relying on retail deposits, the Company ensures a stable and sustainable funding base.</p> <p>Having access to a significant portion of retail deposits provides stability and confidence to the Company's financial position. Retail deposits are generally considered more stable compared to other types of deposits, such as corporate or institutional deposits. This stability strengthens the Company's ability to manage its funding requirements, liquidity, and overall financial health.</p> <p>Additionally, the availability of unutilized banking facilities and external sourcing options provides additional flexibility in managing the Company's liquidity needs. These resources can be tapped into as and when required, providing an extra layer of financial support and ensuring the Company's ability to seize business opportunities or navigate unforeseen challenges.</p> <p>In summary, the Company's current financial position, including excess cash, unutilized banking facilities, and access to external sourcing options, coupled with a well-spread deposit portfolio predominantly consisting of retail deposits, demonstrates its robust liquidity management and financial stability. These factors contribute to the Company's ability to meet its funding requirements, support its operations, and maintain a strong footing in the market.</p>

RISK MANAGEMENT

Operational Risk

Definition	Operational risk refers to the direct or indirect losses resulting from inadequate or failed internal processes, people, systems and the impact of external events.
Management	<p>The IRMC reviews the operational risks heat map in which identified risks are rated in terms of their potential impact, likelihood of occurrence, level of vulnerability and the speed of onset. Besides the potential adverse changes in the business environment in which the Company operates, the IRMC of Singer Finance has identified, at the end of the period under review, a number of areas that pose a significant level of operational risk to the Company. These include information security breaches, potential privacy violations, risks stemming from outsourced operations and contractors, potential issues with compliance in respect of Anti-Money Laundering and Combating Terrorist Financing and the implementation of Customer Due Diligence procedures. Fire hazards at some Company locations, inadequacies in certain operational procedures, inadequate knowledge and training on new products and the inability to find suitable personnel have been highlighted in the Company's Operational Risks Heat Map.</p> <p>To mitigate the risks mentioned earlier, the company has implemented various focused actions to strengthen its risk management framework. These actions include:</p> <p>Strengthening IT controls and software: Recognizing the importance of robust IT controls, the company has taken steps to enhance its IT infrastructure and systems. This includes investing in advanced software solutions and implementing rigorous control mechanisms to safeguard against cybersecurity threats and ensure data integrity and confidentiality.</p> <p>Implementation of new IT systems and processes: The company has proactively implemented new IT systems and processes to improve efficiency, streamline operations, and mitigate operational risks. This may involve the adoption of advanced technology platforms, automation tools, and integrated systems that enhance accuracy, speed, and reliability in business processes.</p> <p>Continuous training on various aspects of the business: The Company places significant emphasis on training and development programs to enhance the skills and knowledge of its employees. This includes providing regular training on risk management practices, compliance requirements, and emerging industry trends. By ensuring that employees are well-informed and up-to-date, the company strengthens its risk mitigation capabilities across all levels of the organization.</p> <p>Strengthened credit underwriting: Recognizing the importance of prudent lending practices, the company has taken specific actions to strengthen its credit underwriting processes. This may involve conducting rigorous due diligence, implementing comprehensive risk assessment frameworks, and enhancing credit risk monitoring and reporting mechanisms. By adopting these measures, the company aims to mitigate credit risks and maintain a high-quality loan portfolio.</p> <p>These focused actions reflect the company's commitment to proactive risk management and its dedication to ensuring the stability and sustainability of its operations. By continuously enhancing IT controls, implementing new systems and processes, providing ongoing training, and strengthening credit underwriting, the company positions itself to effectively mitigate the identified risks and promote a culture of risk awareness and control throughout the organization.</p> <p>The Company's Operational Risk Management Framework ensures the consistent application of policies, procedures and systems for identifying, measuring, monitoring, reporting and controlling operational risk. It is also geared towards ensuring that all new or changed activities such as the introduction of new products, new services, system conversions and implementations are evaluated for operational risks prior to implementation. A high priority is placed on effective operational risk management and adherence to sound operational controls. Ownership, management and accountability of operational risk rest with the business and functional heads.</p>

Operational Risk

Performance	<p>In light of the current market concerns and the prevailing situation in the country, the Company acknowledges the escalation in operational risks. As a response, the Company has maintained a high level of vigilance in managing potential risks and has taken necessary actions to mitigate the identified risks.</p> <p>Recognizing the significance of operational risks, the Company has prioritized risk management efforts in this area. This includes implementing robust risk assessment processes to identify and evaluate potential operational risks across various business functions and departments. By conducting thorough assessments, the Company can proactively identify areas of vulnerability and develop strategies to mitigate and control those risks.</p> <p>Furthermore, the Company has implemented appropriate risk mitigation measures and controls to address the identified operational risks. These measures may involve revising and strengthening internal policies and procedures, enhancing internal controls, and implementing technological solutions to automate and streamline operations. The objective is to minimize the likelihood and impact of operational disruptions and ensure the smooth functioning of critical business processes.</p> <p>In addition, the Company maintains a continuous monitoring and reporting mechanism to keep track of operational risks and promptly address any emerging issues. Regular reviews and evaluations are conducted to assess the effectiveness of risk mitigation measures and make necessary adjustments when required.</p> <p>The Company's commitment to managing operational risks reflects its proactive approach to risk management and its dedication to ensuring the resilience and stability of its operations. By remaining highly vigilant and taking appropriate actions to mitigate identified risks, the Company strives to safeguard its business continuity and maintain a strong position in the face of evolving market concerns and the country's situation.</p>
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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 the emerging realities of the business context into our Company's Corporate Plan and strategic priorities have been calibrated in line with these developments. We continuously monitor our performance against set targets to assess strategic risk exposures.
Performance	<p>The strategic plans set by the Board were diligently executed by the management, with a strong emphasis on considering the external factors and market conditions. The management team took proactive measures to ensure that the strategic plans aligned with the prevailing risks and challenges.</p> <p>Recognizing the importance of effective execution, the management closely monitored the progress of the strategic plans and provided regular updates to the Board. This periodic review process allowed for timely assessment of the progress made and facilitated necessary adjustments or course corrections, if required.</p> <p>During the execution of the plans, due care and caution were exercised by the management, considering the potential risks associated with each action. The management team engaged in regular consultations with the Board to seek guidance and ensure alignment with the Board's risk appetite and overall strategic direction.</p> <p>Capital expenditures were carefully considered, taking into account the prevailing risks and potential risk factors anticipated in the future. The management conducted thorough assessments of the financial implications and risk-return trade-offs associated with capital expenditures. This approach ensured that investments were made prudently and in line with the Company's risk management strategy.</p> <p>By incorporating risk considerations and consulting with the Board throughout the execution process, the management demonstrated its commitment to responsible decision-making and effective risk management. This collaborative approach helped mitigate potential risks and ensured that the strategic plans were executed in a manner that balanced the pursuit of growth opportunities with prudent risk management.</p> <p>Overall, the alignment of the management's actions with the strategic plans set by the Board, the regular review and monitoring of progress, and the careful consideration of risks and potential risk factors reflect the Company's commitment to strategic execution and risk-aware decision-making.</p>

RISK MANAGEMENT

Information Security Risk

Definition	Information security risk reflects the threats and vulnerabilities associated with the operation and use of information systems and the environments in which those systems operate.
Management	<p>A well-defined, up to date, and strong IT Security Policy is in place and it ensures that all critical systems are protected against known security threats.</p> <p>The Company creates constant awareness to its staff on 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 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.</p>
Performance	<p>To mitigate information security risks, the Company has implemented measures to strengthen its IT and digitalization resources. Recognizing the critical importance of information security, the Company has invested in enhancing its IT infrastructure, systems, and processes to safeguard against potential risks.</p> <p>The Company has taken steps to bolster its internal IT capabilities by ensuring sufficient resources and expertise are in place. This may involve recruiting skilled IT professionals, providing ongoing training to employees on information security best practices, and implementing robust security protocols and controls.</p> <p>Additionally, the Company has leveraged the services of external resources when necessary to augment its IT capabilities and reduce IT risks. Engaging external experts and consultants can provide specialized knowledge and support in areas such as cybersecurity, network infrastructure, and data protection. This proactive approach strengthens the Company's overall IT risk management framework and ensures a comprehensive and robust defense against potential threats.</p> <p>The effectiveness of these measures is reflected in the fact that no cybersecurity breaches were reported during the year. This indicates that the Company's investments in IT resources, utilization of external expertise, and adherence to robust security protocols have been successful in mitigating information security risks.</p> <p>Maintaining a strong defense against information security risks is of paramount importance in today's digital landscape. By continuously strengthening its IT and digitalization resources, utilizing external resources when needed, and achieving a year without reported cybersecurity breaches, the Company demonstrates its commitment to safeguarding sensitive information and maintaining the trust and confidence of its stakeholders.</p>

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, we believe in adhering 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 and 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.

Compliance Risk

Performance

Regulatory compliance

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.

Anti-Money Laundering and Combating the Financing of Terrorism

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. The company strengthened the customer screening and transaction monitoring by implementing an AML/CTF software.

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 carried out and 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 143 to 144.

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

INSURANCE

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 8.5% and 12.5% 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. The Company has introduced processes and systems to assess 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

CORPORATE GOVERNANCE

CHAIRMAN'S MESSAGE ON CORPORATE GOVERNANCE

Dear Stakeholders,

I am pleased to introduce the Corporate Governance Report for 2022/23 which highlights the principles of good governance that was practiced by Singer Finance (Lanka) PLC. This report sets out our approach to governance, and how the Board operated and discharged its duties in 2022/23 amidst the turbulent business landscape.

The Board focussed on extensive deliberations in assessing the implications of the evolving macroeconomic conditions, reviewing and revising the policy frameworks and strengthening the Environment and Social Risk Management guidelines of the Company.

As the country navigated its way through an unprecedented economic crisis, we strengthened our governance processes to ensure greater strength and fortitude to deliver on our strategy and ensure sustainable value to our stakeholders.

Key areas of focus

The Board continuously upheld the principles of fairness, accountability, integrity and transparency by



ensuring that the values and behaviours are consistent in conducting business whilst adhering to highest standards of professionalism, integrity and ethics. Our governance approach is firmly entrenched on the tenets of stewardship, transparency and accountability. We placed greater focus on sustainability to ensure that our value creation process encompasses Environmental, Social and Governance (ESG) practices to ensure a sustainable future. We recognise that ensuring sustainable contribution to society and the environment at large will be an integral part of our long-term value creation process.

Our values

I wish to recognise the contribution from my fellow Directors who truly appreciate the importance of effective corporate governance collectively recognise our commitment in safeguarding stakeholder

interests particularly towards our depositors which is critical to ensuring the smooth functioning and business continuity in a challenging environment.

Declaration

I wish to confirm that the Company complied with Listing rules of the Colombo Stock Exchange, Finance Companies Act Direction No 3 of 2008 on Corporate Governance, amendments thereto and Finance Business Act Direction No 5 of 2021. The tables set out in pages 80 to 133 detail the extent of compliance with the Code of Best Practice on Corporate Governance, issued by ICASL. The Company also complies with the provisions of the Companies Act No 07 of 2007 and other applicable statutes. There were no violations of code of business conduct and ethics reported during the year.

We strengthened our regulatory compliance frameworks and internal control mechanisms in response to the evolving regulatory environment and rules and directions introduced.

Aravinda Perera
Chairman

4th May 2023

COMPLIANCE WITH BEST PRACTICES

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

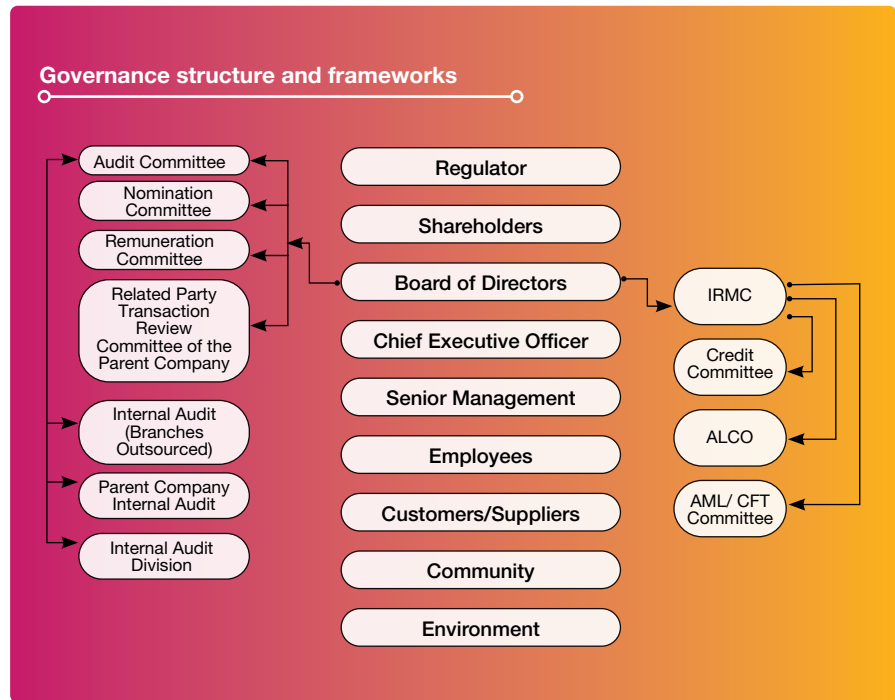
of the best practices outlined in the Finance Business Act Direction No.5 of 2021 on Corporate Governance through the consultative process initiated by the Central Bank of Sri Lanka for the NBFIs. The Directive come into effect from 01st July 2022, which includes several transitional provisions where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

the majority of the requirements even before March 2022. We have invested in enhancing the intellectual capabilities in the areas such as Cyber security and usage of IoT, through the engagement of the latest technologies and domain experts (at both management and board level) to ensure a sustainable level of assurance over confidentiality, integrity, and availability of computing resources.

CORPORATE GOVERNANCE

Value-creating governance

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



Regulatory Requirements	Internal Frameworks	Voluntary Codes and Best Practices
The Companies Act No. 7 of 2007	Articles of Association	Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC)
Finance Companies (Corporate Governance) Direction No 3 of 2008 and subsequent amendments	Board-approved Terms of Reference (TOR) of Board Sub Committees	The Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka
Finance Business Act Direction No 5 of 2021 on Corporate Governance	Board-approved policy frameworks for governance, risk, compliance and operational areas	Global Reporting Initiative (GRI) Standards issued by the Global Sustainability Standards Board
Listing Rules of the Colombo Stock Exchange Directives/ Regulations of the Securities and Exchange Commission of Sri Lanka	Codes of Conduct for Employees, Key Management Personnel and Directors	
The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995		

The Board

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

Board profile

Independence

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

Skills and expertise





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

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

CORPORATE GOVERNANCE

Audit Committee

Composition




NED	INED	SINED
	 	

Mandate

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

Integrated Risk Management Committee

Composition





ED	INED	SINED
		

Mandate

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

Human Resources and Remuneration Committee

Composition

NED	INED	SINED
	 	




Mandate

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



Related Party Transactions Review Committee

Composition



INED	SINED
	 

Mandate

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

Nominations Committee

Composition

NED	INED	SINED
	 	

Mandate

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

Credit Committee

Composition

INED	SINED	ED
		

Mandate

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

Board evaluations

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

Accountability and stewardship

The Board is aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 167. The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Quarterly and Annual Financial Statements which are prepared and presented in conformity

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

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

them is inadequate or not clear. Further, the members of Corporate Management are invited to the meeting whenever the Board/Committee members require to be briefed on certain papers.

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

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

Other areas of responsibility and oversight

Fair and responsible remuneration

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

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

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

The remuneration package of the CEO is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short-term and long-term goals and interests of the Company. The report of the Remuneration Committee is presented on page 148. Directors' remuneration is disclosed on page 187.

CORPORATE GOVERNANCE

Values and culture

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

Code of Conduct and Business Ethics

Whistle-blowing policy

Related Party Transactions Policy

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

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

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

Shareholder relations

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

Annual General Meeting: The AGM provides shareholders the opportunity to contribute their views and engage with the Board of Directors, including the Chairpersons of certain Sub-Committees and members of the Senior Management. The Company proposes separate resolutions at the AGM on each substantially separate issue. Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution. The Company ensures that all valid proxy appointments received for general meetings are properly recorded and counted. The Chairman of the Company ensures that Chairmen of all Board subcommittees namely, Audit, Human Resources and Remuneration, Nomination and Related Party Transactions Review Committee are present at the AGM to answer the questions under their purview. The Company Secretary maintains a record of all correspondence received and delivers as soon as practicable such correspondence to the Board or individual Director/s as applicable. The Board or individual Director/s, as applicable, will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretary to send the response to the particular shareholder.

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

Risk management and control

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

IT and cyber security

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

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

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

Sustainability

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

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

CORPORATE GOVERNANCE

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
1.Board's overall responsibilities	1.1	The Board shall assume overall responsibility and accountability for the operations of the Finance Company (FC), by setting up the strategic direction, governance framework, establishing corporate culture and ensuring compliance with regulatory requirements. The Board shall carry out the functions listed in Direction 1.2 to 1.7 below, but not limited to, in effectively discharging its responsibilities.	Complied
	1.2	Business Strategy and Governance Framework <ul style="list-style-type: none"> a) Approving and overseeing the implementation of the FC's overall business strategy with measurable goals for next three years and update it annually in view of the developments in the business environment. b) Approving and implementing FC's governance framework commensurate with the FC's size, complexity, business strategy and regulatory requirements. c) Assessing the effectiveness of its governance framework periodically. d) Appointing the Chairperson and the Chief Executive Officer (CEO) and define the roles and responsibilities. 	Complied
	1.3	Corporate Culture and Values <ul style="list-style-type: none"> a) Ensuring that there is a sound corporate culture within the FC, which reinforces ethical, prudent and professional behaviour. 	Complied
		<ul style="list-style-type: none"> b) Playing a lead role in establishing the FC's corporate culture and values, including developing a code of conduct and managing conflicts of interest. 	Complied
<ul style="list-style-type: none"> c) Promoting sustainable finance through appropriate environmental, social and governance considerations in the FC's business strategies. 		Complied	
<ul style="list-style-type: none"> d) Approving the policy of communication with all stakeholders, including depositors, shareholders, borrowers and other creditors, in the view of projecting a balanced view of the FC's performance, position and prospects in public and regulators. 		Partially Complied	
1.4	Risk Appetite, Risk Management and Internal Controls <ul style="list-style-type: none"> a) Establishing and reviewing the Risk Appetite Statement (RAS) in line with FC's business strategy and governance framework. b) Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently. c) Adopting and reviewing the adequacy and the effectiveness of the FC's internal control systems and management information systems periodically. d) Approving and overseeing business continuity and disaster recovery plan for the FC to ensure stability, financial strength and preserve critical operations and services under unforeseen circumstances. 	Complied	

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	1.5	<p>Board Commitment and Competency</p> <p>a) All members of the Board shall devote sufficient time on dealing with the matters relating to affairs of the FC.</p> <p>b) All members of the Board shall possess necessary qualifications, adequate skills, knowledge and experience.</p> <p>c) The Board shall regularly review and agree the training and development needs of all the members.</p> <p>d) The Board shall adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its Board as a whole and that of its committees and maintain records of such assessments.</p> <p>e) The Board shall resolve to obtain external independent professional advice to the Board to discharge duties to the FC.</p>	Complied
	1.6	<p>Oversight of Senior Management</p> <p>a) Identifying and designating senior management, who are in a position to significantly influence policy, direct activities and exercise control over business operations and risk management.</p> <p>b) Defining the areas of authority and key responsibilities for the senior management.</p> <p>c) Ensuring the senior management possess the necessary qualifications, skills, experience and knowledge to achieve the FC's strategic objectives.</p> <p>d) Ensuring there is an appropriate oversight of the affairs of the FC by senior management.</p> <p>e) Ensuring the FC has an appropriate succession plan for senior management.</p> <p>f) Meeting regularly with the senior management to review policies, establish lines of communication and monitor progress towards strategic objectives.</p>	Complied
	1.7	<p>Adherence to the Existing Legal Framework</p> <p>a) Ensuring that the FC does not act in a manner that is detrimental to the interests of and obligations to, depositors, shareholders and other stakeholders.</p> <p>b) Adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards.</p> <p>c) Acting with due care and prudence and with integrity and be aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently.</p>	Complied

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Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
2. Governance Framework	2.1	<p>Board shall develop and implement a governance framework in line with these directions and including but not limited to the following.</p> <ul style="list-style-type: none"> a) role and responsibilities of the Board b) matters assigned for the Board. c) delegation of authority. d) composition of the Board. e) the Board's independence. f) the nomination, election and appointment of directors and appointment of senior management. g) the management of conflicts of interests h) access to information and obtaining independent advice. i) capacity building of Board members. j) the Board's performance evaluation. k) role and responsibilities of the chairperson and the CEO. l) role of the company secretary. m) Board sub committees and their role; and n) limits on related party transactions. 	Complied
3. Composition of the Board	3.1	The Board's composition shall ensure a balance of skills and experience as may be deemed appropriate and desirable for the requirements of the size, complexity and risk profile of the FC.	Complied
	3.2. (effective 01/07/2024)	The number of directors on the Board shall not be less than seven (07) and not more than thirteen (13).	Complied
	3.3.	The total period of service of a director other than a director who holds the position of CEO/executive director shall not exceed nine years, subject to direction 3.4	Complied
	3.4	Non-executive directors, who directly or indirectly holds more than 10% of the voting rights or are appointed to represent a shareholder who directly or indirectly holds more than 10% of the voting rights by producing sufficient evidence are eligible to hold office exceeding 9 years of service with prior approval of Director, Department of Supervision of Non-Bank Financial Institutions subject to provisions contained in direction 4.2 and 4.3. Provided, however number of non-executive directors eligible to exceed 9 years are limited to one-fourth (¼) of the total number of directors of the Board	Not applicable
	3.5 (3.5 a- effective 01/07/2024)	<p>Executive Directors</p> <p>a) Only an employee of a FC shall be nominated, elected and appointed, as an executive director of the FC, provided that the number of executive directors shall not exceed one-third (1 / 3) of the total number of directors of the Board.</p>	<p>a) Complied</p> <p>The only executive director of the Company is CEO.</p>

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
		<p>b) A shareholder who directly or indirectly holds more than 10% of the voting rights of the FC, shall not be appointed as an executive director or as senior management. Provided however, existing executive directors with a contract of employment and functional reporting line and existing senior management are allowed to continue as an executive director/senior management until the retirement age of the FC and may reappoint as a non-executive director subject to provisions contained in direction 4.2 and 4.3. Existing executive directors without a contract of employment and functional reporting line need to step down from the position of executive director from the effective date of this direction and may reappoint as a non-executive director subject to provisions contained in direction 4.2 and 4.3.</p> <p>c) In the event of presence of the executive directors, CEO shall be one of the executive directors and may be designated as the managing director of the FC.</p> <p>d) All Executive directors shall have a functional reporting line in the organization structure of the FC.</p> <p>e) The executive directors are required to report to the Board through the CEO.</p> <p>f) Executive directors shall refrain from holding executive directorships or senior management positions in any other entity.</p>	<p>b) Not applicable</p> <p>c) Complied</p> <p>d) Complied</p> <p>e) Not applicable</p> <p>f) Complied</p>
	3.6	<p>Non-Executive Directors</p> <p>a) Non-executive directors shall possess credible track records and have necessary skills, competency and experience to bring independent judgment on the issues of strategy, performance, resources and standards of business conduct.</p> <p>b) A non-executive director cannot be appointed or function as the CEO/executive director of the FC.</p>	Complied
	3.7 (effective 01/07/2024)	<p>Independent Directors</p> <p>a) The number of independent directors of the Board shall be at least three (03) or one-third (1 /3) of the total number of directors, whichever is higher.</p> <p>b) Independent directors appointed shall be of highest caliber, with professional qualifications, proven track record and sufficient experience.</p> <p>c) A non-executive director shall not be considered independent if such:</p> <p>i. Director has a direct or indirect shareholding exceeding 5% of the voting rights of the FC or exceeding 10% of the voting rights of any other FC.</p> <p>ii. Director or a relative has or had during the period of one year immediately preceding the appointment as director, material business transaction with the FC, as described in direction 12.1 (a) hereof, aggregate value outstanding of which at any particular time exceeds 10% of the stated capital of the FC as shown in its last audited statement of financial position.</p> <p>iii. Director has been employed by the FC or its affiliates or is or has been a director of any of its affiliates during the one year, immediately preceding the appointment as director.</p>	<p>a) Complied</p> <p>The only executive director of the Company is CEO</p> <p>b) Complied</p> <p>c) Complied</p>

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

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

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

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
		<p>e) Strengthening the regulatory and supervisory compliance framework.</p> <p>f) Addressing the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.</p> <p>g) CEO must devote the whole of the professional time to the service of the FC and shall not carry on any other business, except as a non-executive director of another company, subject to Direction 3.10.</p>	
7. Meetings of the Board	7.1	The Board shall meet at least twelve times a financial year at approximately monthly intervals. Obtaining the Board's consent through the circulation of papers to be avoided as much as possible.	Complied
	7.2	The Board shall ensure that arrangements are in place to enable matters and proposals by all directors of the Board to be represented in the agenda for scheduled Board Meetings.	Complied
	7.3	A notice of at least 3 days shall be given for a scheduled Board meeting. For all other Board meetings, a reasonable notice shall be given.	Complied
	7.4	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions.	Complied
	7.5	A meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present, unless at least one fourth (1 / 4) of the number of directors that constitute the quorum at such meeting are independent directors.	Complied
	7.6	The chairperson shall hold meetings with the non-executive directors only, without the executive directors being present, as necessary and at least twice a year.	Complied (Jan, Feb 2023)
	7.7	A director shall abstain from voting on any Board resolution in relation to a matter in which such director or relative or a concern in which he has substantial interest, is interested and he shall not be counted in the quorum for the relevant agenda item in the Board meeting.	Complied No such requirement materialized during the year under review.
	7.8	A director who has not attended at least two-thirds (2 / 3) of the meetings in the period of 12 months immediately preceding or has not attended three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall be acceptable as attendance, subject to applicable directions for alternate directors.	Complied
	7.9	Scheduled Board Meetings and Ad Hoc Board Meetings For the scheduled meetings, participation in person is encouraged and for ad hoc meetings where director cannot attend on a short notice, participation through electronic means is acceptable.	Complied

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Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
8. Company Secretary	8.1 (effective 01/07/2024)	<p>a) The Board shall appoint a company secretary considered to be a senior management whose primary responsibilities shall be to handle the secretarial services to the Board and of shareholder meetings and to carry out other functions specified in the statutes and other regulations.</p> <p>b) The Board shall appoint its company secretary, subject to transitional provision stated in 19.2 below, a person who possesses such qualifications as may be prescribed for a secretary of a company under section 222 of the Companies Act, No. 07 of 2007, on being appointed the company secretary, such person shall become an employee of FC and shall not become an employee of any other institution.</p>	Complied
	8.2	All directors shall have access to advice and services of the company secretary with a view to ensuring the Board procedures laws, directions, rules and regulations are followed.	Complied
	8.3	The company secretary shall be responsible for preparing the agenda in the event chairperson has delegated carrying out such function	Complied
	8.4	The company secretary shall maintain minutes of the Board meetings with all submissions to the Board and/or voice recordings/video recordings for a minimum period of 6 years.	Complied
	8.5	The company secretary is responsible for maintaining minutes in an orderly manner and shall follow the proper procedure laid down in the Articles of Association of the FC.	Complied
	8.6	<p>Minutes of the Board meetings shall be recorded in sufficient detail so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of a Board meeting shall clearly include the following:</p> <p>(a) a summary of data and information used by the Board in its deliberations;</p> <p>(b) the matters considered by the Board;</p> <p>(c) the fact-finding discussions and the issues of contention or dissent, including contribution of each individual director;</p> <p>(d) the explanations and confirmations of relevant parties, which indicate compliance with the Board's strategies and policies and adherence to relevant laws, regulations, directions;</p> <p>(e) the Board's knowledge and understanding of the risks to which the FC is exposed and an overview of the risk management measures adopted; and</p> <p>(f) the decisions and Board resolutions.</p>	Complied
	8.7	The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	Complied
9. Delegation of Functions by the Board	9.1	The Board shall approve a Delegation of Authority (DA) and give clear directions to the senior management, as to the matters that shall be approved by the Board before decisions are made by senior management, on behalf of the FC.	Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	9.2	In the absence of any of the sub-committees mentioned in Direction 10 below, the Board shall ensure the functions stipulated under such committees shall be carried out by the Board itself.	Complied
	9.3	The Board may establish appropriate senior management level subcommittees with appropriate DA to assist in Board decisions.	Complied
	9.4	The Board shall not delegate any matters to a board sub-committee, executive directors or senior management, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	Complied
	9.5	The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the FC.	Complied
11. Internal Controls	11.1.	FCs shall adopt well-established internal control systems, which include the organizational structure, segregation of duties, clear management reporting lines and adequate operating procedures in order to mitigate operational risks.	Complied
	11.2	A proper internal control system shall: <ul style="list-style-type: none"> (a) promote effective and efficient operations; (b) provide reliable financial information; (c) safeguard assets; (d) minimize the operating risk of losses from irregularities, fraud and errors; (e) ensure effective risk management systems; and (f) ensure compliance with relevant laws, regulations, directions and internal policies. 	Complied
	11.3	All employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.	Complied
12. Related Party Transactions	12.1	Board shall establish a policy and procedures for related party transactions, which covers the following. <ul style="list-style-type: none"> a) All FCs shall establish a Related Party Transactions Review Committee (RPTRC) and the chairperson shall be an independent director and the members shall consist of non-executive directors. b) All related party transactions shall be prior reviewed and recommended by the RPTRC. c) The business transactions with a related party that are covered in this Direction shall be the following: <ul style="list-style-type: none"> i. Granting accommodation. ii. Creating liabilities to the FC in the form of deposits, borrowings and any other payable. iii. Providing financial or non-financial services to the FC or obtaining those services from the FC. iv. Creating or maintaining reporting lines and information flows between the FC and any related party which may lead to share proprietary, confidential or information not available in the public domain or otherwise sensitive information that may give benefits to such related party. 	Complied

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Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	12.2	<p>The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the FC with any person and particularly with the following categories of persons who shall be considered as “related parties” for the purposes of this Direction. In this regard, there shall be a named list of natural persons/institutions identified as related parties, which is subject to periodic review as and when the need arises.</p> <ul style="list-style-type: none"> a) Directors and senior management. b) Shareholders who directly or indirectly holds more than 10% of the voting rights of the FC. c) Subsidiaries, associates, affiliates, holding company, ultimate parent company and any party (including their subsidiaries, associates and affiliates) that the FC exert control over or vice versa. d) Directors and senior management of legal persons in paragraph (b) or (c). e) Relatives of a natural person described in paragraph (a), (b) or (d). f) Any concern in which any of the FC’s directors, senior management or a relative of any of the FC’s director or senior management or any of its shareholders who has a shareholding directly or indirectly more than 10% of the voting rights has a substantial interest 	Complied
	12.3	<p>The committee shall ensure that the FC does not engage in business transactions with a related party in a manner that would grant such party “more favorable treatment” than that is accorded to other similar constituents of the FC. For the purpose of this paragraph, “more favorable treatment” shall mean:</p> <ul style="list-style-type: none"> a) Granting of “total accommodation” to a related party, exceeding a prudent percentage of the FCs regulatory capital, as determined by the committee. b) Charging of a lower rate of interest or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counterparty. c) Providing preferential treatment, such as favorable terms, that extends beyond the terms granted in the normal course of business with unrelated parties. d) Providing or obtaining services to or from a related party without a proper evaluation procedure; or e) Maintaining reporting lines and information flows between the FC and any related party which may lead to share proprietary, confidential or otherwise sensitive information that may give benefits to such related party, except as required for the performance of legitimate duties and functions. 	Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
13. Group Governance	13.1	<p>Responsibilities of the FC as a Holding Company</p> <p>a) The FC is responsible for exercising adequate oversight over its subsidiaries and associates while complying with the independent legal, regulatory and governance responsibilities that apply to them.</p> <p>b) The Board of the FC shall:</p> <p>i) Ensure that the group governance framework clearly defines the roles and responsibilities for the oversight and implementation of groupwide policies.</p> <p>ii) Ensure that the differences in the operating environment, including the legal and regulatory requirements for each company, are properly understood and reflected in the group governance framework.</p> <p>iii) Have in place reporting arrangements that promote the understanding and management of material risks and developments that may affect the holding FC and its subsidiaries.</p> <p>iv) Assess whether the internal control framework of the group adequately addresses risks across the group, including those arising from intra-group transactions; and</p> <p>v) Ensure that there are adequate resources to effectively monitor compliance of the FC and its subsidiaries with all applicable legal and regulatory requirements.</p> <p>c) The FC, as the apex entity, shall ensure that the group structure does not undermine its ability to exercise effective oversight. The Board shall establish a clearly defined process of approving the creation of new legal entities under its management and identifying and managing all material group-wide risks through adequate and effective policies and controls.</p> <p>d) The Board and senior management of the FC shall validate that the objectives, strategies, policies and governance framework set at the group level are fully consistent with the regulatory obligations of the FC and ensure that company-specific risks are adequately addressed.</p> <p>e) The FC shall avoid setting up complicated structures that lack economic substance or business purpose that can considerably increase the complexity of the operations.</p>	Not applicable
	13.2	<p>Responsibilities as a Subsidiary</p> <p>If the FC is a subsidiary of another financial institution subject to prudential regulation, FC shall discharge its own legal and governance responsibilities.</p>	Not applicable
14. Corporate Culture	14.1	A FC shall adopt a Code of Conduct which includes the guidelines on appropriate conduct and addresses issues of confidentiality, conflicts of interest, integrity of reporting, protection and proper use of company assets and fair treatment of customers.	Complied
	14.2	The FC shall maintain records of breaches of code of conduct and address such breaches in a manner that upholds high standards of integrity.	Complied
	14.3	A FC shall establish a Whistleblowing policy that sets out avenues for legitimate concerns to be objectively investigated and addressed. Employees shall be able to raise concerns about illegal, unethical or questionable practices in a confidence manner and without the risk of reprisal. The BAC shall review the policy periodically.	Complied

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

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	iii. Appraisal of board performance	<ul style="list-style-type: none"> An overview of how the performance evaluations of the Board and its committees have been conducted 	Complied
	iv. Remuneration	<ul style="list-style-type: none"> A statement on remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management, level and mix of remuneration (financial and non- financial, the procedure for setting remuneration and the relationships between remuneration, performance and value creation) The aggregate values of remuneration paid by the FC to its directors and senior management. 	Complied
	v. Related party transactions	<ul style="list-style-type: none"> The nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the Chairperson and the CEO and the relationships among members of the Board. Total net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FC's core capital. The aggregate values of the transactions of the FC with its senior management during the financial year, set out by broad categories such as accommodation granted and deposits or investments made in the FC. 	Complied
	vi. Board appointed committees	<ul style="list-style-type: none"> The details of the chairperson and members of the board committees and attendance at such meetings. 	Complied
	vii. Group Structure	<ul style="list-style-type: none"> The group structure of the FC within which it operates. The group governance framework. 	Complied
	viii. Director's report	<p>A report, which shall contain the following declarations by the Board:</p> <ul style="list-style-type: none"> The FC has not engaged in any activity, which contravenes laws and regulations. The directors have declared all related party transactions with the FC and abstained from voting on matters in which they were materially interested. The FC has made all endeavors to ensure the fair treatment for all stakeholders, in particular the depositors. The business is a going concern with supporting assumptions; and The Board has conducted a review of internal controls covering material risks to the FC and have obtained reasonable assurance of their effectiveness. 	Complied
	ix. Statement on Internal Control	<ul style="list-style-type: none"> A report by the Board on the FC's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. 	Complied

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Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
		<ul style="list-style-type: none"> The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published. A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliances. A statement of the regulatory and supervisory concerns on lapses in the FC's risk management, or non-compliance with the Act and rules and directions 	
	x. Corporate governance report	<ul style="list-style-type: none"> Shall disclose the manner and extent to which the company has complied with Corporate Governance Direction and the external auditor's assurance statement of the compliance with the Corporate Governance Direction. 	Complied
	xi. Code of Conduct	<ul style="list-style-type: none"> FC's code of business conduct and ethics for directors, senior management and employees. The Chairperson shall certify that the company has no violations of any of the provisions of this code. 	Complied
	xii. Management report	<ul style="list-style-type: none"> Industry structure and developments Opportunities and threat Risks and concerns Sustainable finance activities carried out by the company Prospects for the future 	Complied
	xiii. Communication with shareholders	<ul style="list-style-type: none"> The policy and methodology for communication with shareholders. The contact person for such communication 	Complied

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

This section (pages 95-100) sets out the Corporate Governance principles under CBSL regulations and compliance with the same. (Finance Business Act Directions No. 03 of 2008)

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
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.	Complied The company has five sub-committees inter-alia Audit Committee, Remuneration Committee, Nomination Committee, Integrated Risk Management Committee & Related Party Transactions Review Committee. 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.
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)	The committee shall make recommendations on matters in connection with: (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

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Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	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 the engagement of an external auditor to perform non-audit service is already in place.</p>
	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. 	<p>Complied</p>
	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. 	<p>Complied</p>

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	8 (2) (h)	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.	Complied
	8 (2) (i)	The committee shall review the external auditor's management letter and the management's response thereto.	Complied
	8 (2) (j)	<p>The committee shall take the following steps with regard to the internal audit function of the finance company:</p> <ul style="list-style-type: none"> (i) Review the adequacy of the scope, functions and resources of the internal audit department and satisfy itself that the department has the necessary authority to carry out its work; (ii) Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit department; (iii) Review any appraisal or assessment of the performance of the head and senior staff members of the internal audit department; (iv) Recommend any appointment or termination of the head, senior staff members and outsourced service providers to the internal audit function; (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; (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; 	Complied
	8 (2) (k)	The committee shall consider the major findings of internal investigations and management's responses thereto;	Not Applicable There were no major findings during the year under review.

CORPORATE GOVERNANCE

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	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)	The committee shall have: <ul style="list-style-type: none"> (i) explicit authority to investigate into any matter within its terms of reference; (ii) the resources which it needs to do so; (iii) full access to information; and (iv) authority to obtain external professional advice and to invite outsiders with relevant experience to attend, if necessary. 	Complied No such requirement materialized during the year under review.
	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.	Complied The number of meetings that were held is given in page 143.
	8 (2) (o)	The Board shall, in the Annual Report, disclose in an informative way, <ul style="list-style-type: none"> (i) details of the activities of the audit committee; (ii) the number of audit committee meetings held in the year; and (iii) details of attendance of each individual member at such meetings. 	Complied Please refer pages 143 & 144.
	8 (2) (p)	The secretary to the committee (who may be the Company Secretary or the head of the internal audit function) shall record and keep detailed minutes of the committee meetings.	Complied
	8 (2) (q)	The committee shall review arrangements by which employees of the finance company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. Accordingly, the committee shall ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action and to act as the key representative body for overseeing the finance company's relations with the external auditor.	Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
Integrated Risk Management Committee	8 (3) (a)	The committee shall consist of at least one non-executive director, CEO and key management personnel supervising 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

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Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	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 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.	Complied The Board met 13 times during the financial year concerned. Individual participation of each Director at Board meetings is provided in the chart given under the heading of "Board meetings".
Responsibilities of the Board	A.1.2	The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. In performing its role, the Board should be responsible for matters including: <ul style="list-style-type: none"> Ensuring the formulation and implementation of a sound business strategy; 	Complied Company formulates the annual plan and it is approved by the Board of Directors of the Company, Parent Company and ultimate Parent Company. Decisions taken at the board meetings are communicated to senior management and further filtered down to operational levels as appropriate.
		<ul style="list-style-type: none"> Appointing the chair and the senior independent director if relevant; 	Complied
		<ul style="list-style-type: none"> Ensuring that the Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy; 	Complied This has been proven by the Company's success throughout the years with a low turnover ratio in key positions and the consistent performance being delivered by the CEO and Key Responsible Persons.

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 expressly 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>

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
			Audit Committee framework, composition, duties and responsibilities are given in Audit Committee Report on page 143 and Integrated Risk Management Committee framework, composition, duties and responsibilities are given in Integrated Risk Management Committee Report on page 146.
		<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>
		<ul style="list-style-type: none"> Recognizing sustainable business development in Corporate Strategy, decisions and activities and consider the need for adopting integrated reporting. 	<p>Complied</p>
		<ul style="list-style-type: none"> Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations; 	<p>Complied</p>
		<ul style="list-style-type: none"> Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks. 	<p>Complied</p> <p>All the criteria are monitored and evaluated through formal reporting process.</p>
		<ul style="list-style-type: none"> Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the company. 	<p>Complied</p> <p>The board ensures compliance to annual and quarterly corporate reporting requirements.</p>

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
		<ul style="list-style-type: none"> Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned. 	<p>Complied</p> <p>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.</p>
Professional advice to the Board	A.1.3	The Board collectively and Directors individually, must act in accordance with the laws of the Country, as applicable to the business enterprise. There should be a procedure agreed to by the Board of Directors, where in director can require the company to obtain independent professional advice at the Company's expense where it is considered necessary.	<p>Complied</p> <p>Whenever professional advice is required the board informs the Executive Management at the Board Meeting and the required advice or particular fact finding requirement is assigned to independent professionals.</p>
Company Secretary	A.1.4	<p>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.</p> <p>The Company should obtain appropriate insurance cover as recommended by the nominations committee for the board, directors and key management personnel.</p>	<p>Complied</p>
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.	<p>Complied</p>
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.	<p>Complied</p>
	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.	<p>Complied</p> <p>No such situations have arisen.</p>
Training for Directors	A.1.8	Directors receive appropriate orientation when first appointed to the board and subsequently as necessary.	<p>Complied</p> <p>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.</p>

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
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.	<p>Complied</p> <p>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</p>
	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.	<p>Complied</p> <p>The position of Chairman and CEO is separated in the Company.</p>
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.	<p>Complied</p>
	A.3.1	<ul style="list-style-type: none"> The Chairman should conduct Board proceedings in a proper manner and ensure, inter-alia, that: The agenda for board meetings is developed in consultation with the CEO, directors and the company secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance. 	<p>Complied</p>
		<ul style="list-style-type: none"> Sufficiently detailed information of matters included in the agenda should be provided to Directors in a timely manner. 	<p>Complied</p>
		<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. 	<p>Complied</p>
		<ul style="list-style-type: none"> The effective participation of both Executive and Non-Executive Directors is secured. 	<p>Complied</p> <p>The Chairman conducted Board proceedings in a proper manner and ensured the effective participation of all Directors.</p>
	<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 	<p>Complied</p> <p>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.</p>	

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 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. 	<p>Complied</p> <p>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.</p>
		<ul style="list-style-type: none"> A balance of power between Executive and Non-Executive Directors is maintained. 	<p>Complied</p>
		<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. 	<p>Complied</p>
		<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 	<p>Complied</p>
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.	<p>Complied</p> <p>Qualifications of the Directors are given under the Directors profiles in pages 21 to 23.</p>
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.	<p>Complied</p>
	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.	<p>Complied</p> <p>Six out of the Seven 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.</p>
	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'.	<p>Partially Complied</p> <p>Three Directors are independent.</p>
	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.	<p>Complied</p> <p>The Company obtains a signed statement of independence from each Director once a year.</p>

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	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.	<p>Complied</p> <p>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.</p>
	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.	<p>Complied</p> <p>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:</p> <p>Mr. Ranil De Silva- Independent Director</p> <p>Mr. Jayanth Perera- Senior Independent Director</p> <p>Mr. Saman Herath- Independent Director</p>
	A.5.6	<p>If an alternate Director is appointed by a Non-Executive Director such Alternate Director should not be an executive of the Company.</p> <p>If an Alternate Director is appointed by an Independent Director, the person who is appointed also should meet the criteria of independence and the provision on minimum number of Independent Directors also should be satisfied.</p>	<p>Complied</p> <p>Independent Non-Executive Directors have not appointed Alternate Directors..</p>
	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 .	<p>Complied</p>
	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.	<p>Complied</p>

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	A.5.9	The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	<p>Complied</p> <p>Chairman met with NEDs without the presence of Executive Directors twice.</p>
	A.5.10	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure that their concerns are recorded in the Board minutes.	<p>Complied</p> <p>Concerns raised by the Directors during the year, if any, are recorded in the minutes of Board meetings with adequate details by the Company Secretary.</p>
A.6 Supply of Information	Principle of Code A.6.	The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.	<p>Complied</p> <p>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.</p>
	A.6.1	Management has an obligation to provide the Board with appropriate and timely information, but information volunteered by management may not be enough in all circumstances and Directors should make further inquiries where necessary. The Chairman should ensure all Directors are properly briefed on issues arising at Board meetings.	<p>Complied</p> <p>The Company ensures that the Directors receive adequate information in a timely manner. On urgent matters, every effort is made to provide the information, as early as possible. The Board receives a standard set of documents, which are timely, accurate, relevant and comprehensive.</p> <p>These papers include a detailed analysis of financial and non-financial information. The Board may call for additional information or clarify issues with any member of the Executive Committee. If necessary, all Directors are adequately briefed by the CEO or Head of Finance on matters arising at Board meetings. The Secretary ensures that Board papers are circulated in advance prior to Board meetings. If necessary, members of the Executive Committee, External Auditors and Outside Consultants makes presentations to the Board when required. The Chairman ensures that all Directors are briefed adequately on issues arising at Board meetings.</p>

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	A.6.2	In order to facilitate effective conduct of meetings, the agenda and papers required for a board meeting should be provided to Directors at least seven (7) days before the meeting and the minutes of the meeting should ordinarily be provided to directors at least two weeks after the meeting date.	<p>Complied</p> <p>The minutes, agenda and papers required for Board meetings are provided in advance to facilitate its effective conduct.</p>
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 Three 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 145 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>

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	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 21 to 23 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.	Complied
	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, 2023 is available on pages 21 to 23.</p> <p>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>

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	A.8.3	In the event of a resignation of a director prior to completion of his appointed term, the director should provide a written communication to the board of his reasons for resignation.	Complied Written communications are provided to the board by directors who resign prior to completion of his appointed term.
A.9 Appraisal of Board Performance	Principle of Code A.9	Boards should periodically appraise their own performance in order to ensure that Board Responsibilities are satisfactorily discharged.	Complied
	A.9.1	The board should have in place a formal and rigorous process for annually reviewing the performance of the board and its committees and should address any matters that may arise from such review, in the discharge of its key responsibilities as set out in A.1.2.	Complied The performance of the Board and its subcommittees are reviewed and evaluated by the Board and Chairman based on a self-appraisal basis.
	A.9.2	The Board should also undertake an annual self-evaluation of its own performance and that of its Committees.	Complied 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.
	A.9.3	The board should have a process to review the participation, contribution and engagement of each director at the time of re-election.	Complied The individual self-evaluations are carried out by the respective Board Member and submitted in writing to the Secretary for the record.
	A.9.4	The board should state how such performance evaluations have been conducted, in the annual report.	Complied The details of the performance evaluation conducted are provided on page 77.
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	The Annual Report of the Company should set out the following information in relation to each Director <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; 	Complied Please refer page 21 to 23 and page 254.

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
		<ul style="list-style-type: none"> - 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. 	
A.11 Appraisal of Chief Executive Officer	Principal of Code A.11	The Board should be required, at least annually, to assess the performance of the CEO.	Complied
	A.11.1	At the commencement of every fiscal year, the Board in consultation with the CEO should set, in line with the short, medium and long-term objectives of the Company, reasonable financial and non-financial targets that should be met by the CEO during the year.	Complied The CEO's performance is evaluated in line with the overall corporate plan by the Board in terms of both Financial and operational achievements compared to targets set at the planning stage. This process is carried out as mentioned in above A.11.
	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.

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	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.	<p>Complied</p> <p>The Committee consists of Three Independent Non-Executive Directors and one Non-Executive Director. The Committee is chaired by an Independent Non-Executive Director. The Group CEO attends by invitation.</p>
	B.1.3	The Chairman and Members of the Remuneration Committee should be listed in the Annual Report each year.	<p>Complied</p> <p>Please refer page 148.</p>
	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.	<p>Complied</p> <p>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.</p>
	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.	<p>Complied</p> <p>The Committee has the authority to seek internal and external independent professional advice on matters falling within its purview, at the Company's expense.</p> <p>Views of the Chairman are obtained as they too are members of the said Board Subcommittee.</p>
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.	<p>Complied</p>
	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>

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	B.2.2	Executive Directors' remuneration should be designed to promote the long-term success of the company.	Complied
	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.	Complied 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.
	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.	Complied The Remuneration Committee takes into consideration and is sensitive about the conditions of the Group when determining annual salary increases.
	B.2.5	The performance-related elements of remuneration of Executive Directors should be designed and tailored to align their interests with those of the Company and main stakeholders and to give these Directors appropriate incentives to perform at the highest levels. The performance related elements should be transparent, stretching and rigorously applied.	Complied Objectives for 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.
	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.	Not Applicable Presently the Company does not have an Executive Share Option Scheme.
	B.2.7	In designing schemes of performance-related remuneration, Remuneration Committees should follow the provisions set out in Schedule E of Code of Best Practice on Corporate Governance.	Complied Please refer Remuneration Committee Report on page 148.

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	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>
	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.	<p>Complied</p> <p>No such requirement materialized during the year under review.</p>
	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).	<p>Complied</p> <p>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.</p>
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.	<p>Complied</p>
	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.	<p>Complied</p> <p>Please refer pages 148 & 254.</p>
C. Relations With Shareholders	Principle of Code C.1	Boards should use the AGM to communicate with shareholders and should encourage their participation.	<p>Complied</p> <p>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.</p>
C.1. Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings.			

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 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.

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	C.1.5	Companies should circulate, along with every Notice of General Meetings, a summary of the procedures governing voting at General Meetings.	<p>Complied</p> <p>A summary of the procedures governing voting at General Meetings is circulated to shareholders with every Notice of General Meetings.</p>
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 152.</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>

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	C.2.5	The Company should have a process to make all Directors aware of major issues and concerns of shareholders and this process has to be disclosed by the Company.	<p>Complied</p> <p>The Company Secretary shall maintain a record of all correspondence received and will deliver as soon as practicable such correspondence to the Board or individual Director/s as applicable. The Board or individual Director/s, as applicable, will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretary to send the response to the particular shareholder.</p>
	C.2.6	The Company should decide the person to contact in relation to shareholder matters. The relevant person with statutory responsibilities to contact in relation to shareholders matters is the Company Secretary or in his/her absence should be a designated member of the Board of Directors.	<p>Complied</p>
	C.2.7	The process of responding to shareholder matters should be formulated by the Board and disclosed.	<p>Complied</p> <p>Please refer the Board Communication Policy on page 152.</p>
C.3. Major and Material Transactions	Principle of Code C.3	Further to compliance with the requirements under the Companies Act, Securities and Exchange Commission law and Colombo Stock Exchange regulations as applicable, Directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/vary the Company's net assets base or in the case of a Company with subsidiaries, the Consolidated Group Net Asset Base.	<p>Complied</p>
	C.3.1	Prior to a Company engaging in or committing to a 'Major 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.	<p>Complied</p> <p>During the year, there were no major transactions as defined in Section 185 of the Companies Act No. 07 of 2007 which materially affect the Net Assets Base of the Company. Transactions which materially affect the net assets base of the Company will be disclosed in the Quarterly/Annual Financial Statements, if any.</p>

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Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	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.
	D.1.2	The Board's responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements.	Complied The Board is well aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 167 confirming this position. The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Quarterly and Annual Financial Statements which are prepared and presented in conformity with Sri Lanka Accounting Standards. Further, Company has complied with the reporting requirements prescribed by the regulatory authority such as the Colombo Stock Exchange.
	D.1.3	The board should, before it approves the company's financial statements for a financial period, obtain from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company and that the system of risk management and internal control was operating effectively.	Complied

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	D.1.4	<p>The Directors' Report, which forms part of the Annual Report, should contain declarations by the Directors to the effect that</p> <ul style="list-style-type: none"> - The Company has not engaged in any activity which contravenes laws and regulations; - The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested; - The Company has made all 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 162 to 166 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 131 to 133 of this report.</p>
	D.1.5	<p>The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of financial statements, together with a statement by the Auditors about their reporting Responsibilities. Further, the Annual Report should contain a Report/Statement on Internal Control.</p>	<p>Complied</p> <p>The "Statement of Directors' Responsibility" is given on page 167.</p> <p>The Directors' Statement on Internal Control is given on page 151.</p> <p>The 'Independent Auditors Report' on pages 168 to 171 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; 	<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 32 to 71.</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"> - 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. 	
	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>
		<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; 	<p>Complied</p>
		<ul style="list-style-type: none"> • This record should ensure that the Company captures information to comply with the respective related party disclosure requirements imposed by the SEC/ Accounting Standards/Auditing Standards and similar regulations. 	<p>Complied</p>
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.	<p>Complied</p> <p>The Board has delegated this authority to Audit Committee & IRM Committee and reviews the same, fulfilling the above requirement.</p>

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	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 page 151.
	D.2.3	Company should have an internal audit function.	Complied
	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.	Complied 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 2022/23, 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 page 151.
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.	Complied
	D.3.1	The board should establish an audit committee exclusively of non-executive directors with a minimum of three non-executive directors of whom at least two should be independent. If there are more non-executive directors, the majority should be independent. The committee should be chaired by an independent non-executive director. The board should satisfy itself that at least one member of the audit committee has recent and relevant experience in financial reporting and control.	Complied All members of the Board Audit Committee are Non-Executive Directors. Three out of four Directors are Independent Directors. Details of Committee are given in pages 143 to 144.
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:	Complied As stated in the Report of the Audit Committee of the Company, the Committee regularly reviews scope, results and effectiveness of the Audit.

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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"> • 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; • 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: • 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; 	Complied

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
		<ul style="list-style-type: none"> • 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; • 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

CORPORATE GOVERNANCE

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
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; 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>	<p>Complied</p> <p>Names of the members of the Audit Committee are given on pages 143 to 144 under the section on the 'Composition of the Committee' and disclosure on the independence of the Auditors is found on page 166 under the 'Auditors' in the 'Annual Report of the Board of Directors on the Affairs of the Company' on pages 162 to 166.</p>
D.4 Related Party Transactions Review Committee Principle of Code		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	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.	Complied
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

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	D.5.1	<p>All companies must disclose whether they have a Code of Business Conduct and Ethics for Directors and Key Management Personnel and if they have such a Code, make an affirmative declaration in the Annual Report that all Directors and Key Management Personnel have declared complied with such Code and if unable to make that declaration, state why they are unable to do so. Each Company may determine its own policies in the formulation of such a code, but all companies should address the following important topics in their respective codes:</p> <ul style="list-style-type: none"> • conflict of interest; • bribery and corruption; • entertainment and gifts; • accurate accounting and record keeping; • fair and transparent procurement practices; • corporate opportunities; • confidentiality; • fair dealing; • protection and proper use of Company assets; Including information assets; • compliance with laws, rules and regulations (including insider trading laws); and • encouraging the reporting of any illegal or unethical behavior. 	<p>Complied</p> <p>Please refer page 166.</p>
	D.5.2	The company should have a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	Complied
	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.	Partially Complied
	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

CORPORATE GOVERNANCE

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	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 131 to 133 sets out the manner and extent to which the Company 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.
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.	Complied Individual shareholders are encouraged to participate in General Meetings of the Company and exercise their voting rights.

Corporate Governance Principle	Reference CASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
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>AGM-IT functions as the Information Security Officer</p> <p>The Company has developed an Information Security Management Framework.</p>
	Principle of Code G.3	<p>The Board should allocate regular and adequate time on the board meeting agenda for discussions about cyber-risk management. 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 162 to 166.

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 ICASL Code	Requirement of the Code	Status of Compliance
	H.1.1	Companies should provide information in relation to: <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. 	Complied Sustainability principles related to ESG factors are embedded in the operations of the Company and initiatives implemented to ensure adherence by the Company. In addition, a comprehensive ESG Risk Analysis has been carried out by the Company and mitigation activities have been identified and are implemented.

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code	Status of Compliance
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>Complied</p> <p>The environmental related strategies of the company were formulated under the Company ESG Framework. The Aims and these strategies are described under the Natural Capital section of the Annual report. Sustainability principles related to environmental factors are embedded in the operations of the Company and initiatives were implemented to ensure adherence to environmental governance by the Company. Initiatives are disclosed under the Sustainability section of the Annual Report.</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. <p>The organization should have policies and procedures to ensure that suppliers and outsourced providers comply with social governance norms of the company.</p>	<p>Complied</p> <p>Sustainability principles related to social factors are embedded in the operations of the Company and initiatives were implemented to ensure adherence to social governance by the Company. The social governance policies of the Company were formulated under the Company ESG Framework and are disclosed under the Social Pillar. The social related initiatives that were carried out are described under the Sustainability section of the Annual Report.</p>

CORPORATE GOVERNANCE

Corporate Governance Principle	Reference ICASL 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 2023.

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.	Complied The Board of Directors comprises seven Directors where six 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.	Complied Three of the Non- Executive Directors are independent.
	7.10.2 (b)	Each Non-Executive Director should submit a declaration of independence/ non-independence.	Complied 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.	Complied Please refer pages 21 to 23.
	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.	Complied Please refer Board of Directors section of this report on pages 21 to 23.
	7.10.3 (d)	Provide brief resume of any new Director appointed to the Board.	Not Applicable
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.	Complied The Committee Includes four Non-Executive Directors out of them three are Independent Non-Executive Directors.
Composition		Separate Committee to be formed for the Company or the Listed Parent's Remuneration Committee to be used.	Complied A separate Remuneration Committee was formed for the Company.
		Chairman of the Committee to be a Non-Executive Director.	Complied The Board of Directors has appointed an Independent Non-Executive Director as the Chairman of the Committee.

CORPORATE GOVERNANCE

Section	Rule No	Corporate Governance Rule	Details of Compliance
Functions	7.10.5 (b)	Function of the Committee. The committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer.	Complied 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	Complied Please refer page 148
		Statement of Remuneration policy Aggregate remuneration paid to Executives and Non-Executive Directors	Complied Please refer page 187
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.	Complied The Committee comprises four Directors of whom three are Independent Non-Executive Directors.
		Separate Committee to be formed for the Company or the Listed Parent's Committee to be used.	Complied A separate Audit Committee was formed for the Company.
		Chairman of the Committee to be a Non-Executive Director.	Complied 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.	Complied 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.	Complied CEO and CFO attend by invitation.
Functions	7.10.6 (b)	Function of the Committee.	Complied 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.	Complied Please refer pages 143 to 144.
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

Section	Rule No	Corporate Governance Rule	Details of Compliance
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.	Complied The Committee comprises of three Independent Non-Executive Directors.
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.			Complied 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.	Complied Please refer Related Party Transactions Review Committee report on page 149.
	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 149.

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

Name of Director	Board Meetings	Audit Committee	Integrated Risk Management Committee	Related Party Transaction Review Committee	Nomination Committee	Human Resources and Remuneration Committee	Credit Committee
Mr. Aravinda Perera - Chairman/NED	13/13	4/4	-	-	2/2	2/2	-
Mr. Jayanth Perera - Senior INED	12/13	4/4	4/4	4/4	2/2	2/2	5/5
Ms. Darshini Talpawewa - NED	13/13	-	-	-	-	-	-
Mr. Sadeep Perera- NED (resigned w.e.f. 01.12.2022)	07/09	-	-	-	-	-	-
Mr. Thushan Amarasuriya - Director/CEO	13/13	-	3/4	-	-	-	5/5
Mr. Mahesh Wijewardene - NED	12/13	-	-	-	-	-	-
Mr. Ranil De Silva – INED	13/13	4/4	-	4/4	2/2	2/2	-
Mr. Saman Herath - INED	13/13	4/4	4/4	4/4	2/2	2/2	5/5

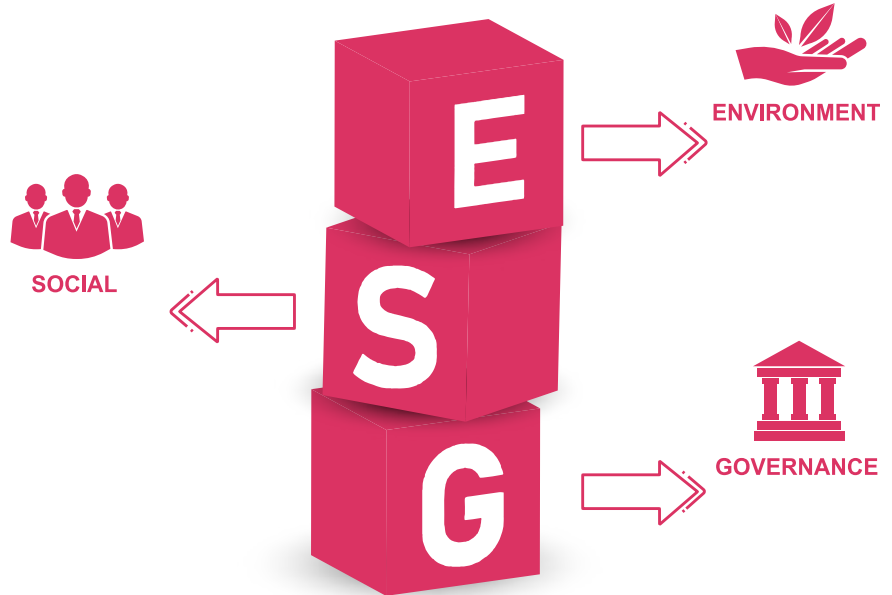
SUSTAINABILITY AT SINGER FINANCE

Sustainability strategies

At Singer Finance, we take our responsibility towards the environment, society and governance very seriously and thus, we have implemented Environmental, Social and Governance (ESG) strategies that guide all our business operations.

Our ESG strategies consists of a set of guidelines that help us identify and evaluate the impact of our business activities on the environment, society and governance. By adhering to these guidelines, we ensure that our business practices are in line with our commitment to sustainability.

Our ESG strategies focuses on the following three key areas:



Environmental Impact	Social Value	Good Governance
<p>We are committed to reducing our environmental footprint by minimizing our carbon emissions, reducing energy consumption and adopting sustainable practices in all our operations.</p>	<p>We believe in creating social value for our stakeholders, including our employees, customers and the communities in which we operate. We do this by fostering a diverse and inclusive workplace, supporting community initiatives and promoting responsible lending practices.</p>	<p>We are committed to ensuring that our business practices are transparent, ethical and comply with all applicable laws and regulations. We have a rigorous governance structure in place that includes an independent Board of Directors and a robust risk management framework.</p>
Priorities		
<ul style="list-style-type: none"> • Energy management • Water management • Material and waste management 	<ul style="list-style-type: none"> • Diversity and inclusion • Customer management • Human capital • CSR • Women empowerment and gender equality 	<ul style="list-style-type: none"> • Stakeholder engagement • Board and Board Committee Charter • Cyber security • Intellectual capital • IT

By incorporating ESG considerations into our decision-making processes, we ensure that our business practices align with our commitment to sustainability. We are proud to be a responsible corporate citizen and believe that our ESG strategies will help us create long-term value for all our stakeholders.

We understand the importance of being a responsible corporate citizen and supporting the United Nations' 17 Sustainable Development Goals (SDGs). As a company, we prioritize the following SDGs that align with our operations:

SDG 3: Good Health and Well-Being



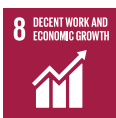
SDG 4: Quality Education



SDG 7: Affordable and Clean Energy



SDG 8: Decent Work and Economic Growth



SDG 9: Industry, Innovation and Infrastructure



SDG 10: Reduced Inequalities



SDG 11: Sustainable Cities and Communities



SDG 12: Responsible Consumption and Production



SDG 13: Climate Action



We believe that by actively supporting these SDGs, we can make a meaningful contribution to the global effort to achieve sustainable development. To that end, we have implemented sustainable practices that enable us to operate in a way that is consistent with our commitment to sustainability.

Sustainability culture

We believe that promoting sustainable practices is an ethical obligation and strategic advantage, creating a sustainable future for our business and society. We launched a sustainability and lean management awareness campaign for our staff, featuring the "Sustainability Doctor" mascot who shares informative messages through internal communication channels. By creating a fun and engaging persona, we were able to capture the attention of our staff and motivate them to participate actively in our sustainability initiatives.



Sustainability Mascot

SUSTAINABILITY AT SINGER FINANCE



We also organized monthly workshops to promote sustainable practices and eco-friendly habits among our staff. As a result, our staff’s understanding of sustainability has improved and they have been shown active participation and volunteerism in the sustainability initiatives carried out. Through these initiatives we have contributed to several United Nations Sustainable Development Goals.

Sustainable financing

During the year under review Singer Finance launched the “Singer Finance Solar Power Plan”, an initiative to finance energy-efficient and environmentally friendly solar projects through lending. This financing is made available for renewable energy sources mainly solar panels and solar projects. This is the simplest approach to transition to a smart, greener, sustainable way of life, which lets you tap into the

future tomorrow. Solar power investment is the best choice in light of the rising cost of household electricity bills and it not only saves money but also preserves the environment.

The “Singer Finance Solar Power Plan” offers customers a complete solution that includes the most advanced solar technology and after-sales service from Singer and a quick and convenient financing option.



Our contribution to environmental sustainability

1. Tree for every Tuk-Tuk; He Who Plants A Tree, Plants A Hope

According to independent emission tests, three-wheelers are responsible for significant levels of CO, HC and NO emissions. The emission rates for HC and CO can reach as high as 8216 ppm and 4.08%, respectively. Singer Finance at the start of the project had around 5000 three-wheelers in our portfolio, contributing to greenhouse gas emissions. In response, we have committed to planting one tree for each three-wheeler leased by the end of 2025. This initiative is designed to offset the environmental impact of the leased three-wheelers and promote a more sustainable future.



Our Actions	Outcomes
<ul style="list-style-type: none"> The project will occur in five phases, with 1000 trees planted in each phase. Phase 1 of the project was completed during the year, with 1000 trees planted at schools across the country. 	<ul style="list-style-type: none"> The initiative helps reduce deforestation and maintains global temperatures below 2°C, with 30% of the solution coming from forests. Trees also reduce erosion, pollution in waterways, and flooding effects while bolstering animal habitat and land adaptability. Planting trees helps to absorb carbon dioxide and release oxygen, contributing to a healthier environment. Since the initiative occurs in schools, it promotes environmental conservation habits among school children.

Supporting SDGs



Solar energy system in place

2. Green branches; in pursuit of a sustainable Sri Lanka

Singer Finance PLC aims to establish green branches in our network by 2025, an initiative to foster environmental sustainability and a step towards creating a more responsible and sustainable business ecosystem in Sri Lanka.

Our Actions	Outcomes
<ul style="list-style-type: none"> Opened Homagama Branch as a pilot green branch. Use of energy-efficient bulbs and LED lighting. Installation of energy-efficient inverter air conditioning system. Solar panel installation for majority of electricity needs in the branch. Separate bins for food waste, plastics, and lunch sheets in lunchroom. Indoor plants to create green effect. Encouraging employees to use electricity and water sparingly. Scheduled air conditioner and light switch-off. Employees to use glass water bottles and lunch boxes. Green wall with environmental conservation messages. QR code top-ups without paper leaflets. 	<ul style="list-style-type: none"> Reduces carbon footprint and promotes sustainable practices. Provides a model for other businesses to follow. Cost-effective due to energy savings from sustainable practices Promotes a healthy work environment for employees.

Supporting SDGs



Green wall in branches



QR top-ups

SUSTAINABILITY AT SINGER FINANCE

Our contribution to social sustainability

1. Finance literacy workshops

Singer Finance has launched a series of financial literacy workshops for school-going students, covering topics such as budgeting, savings, borrowing, investing, and financial goal setting. The first workshop, held at St. Johns College in Dematagoda, benefitted nearly 200 students. We plan to conduct 12 workshops in the next financial year. This project is aligning with the National Financial Inclusion Strategy and the Financial Inclusion requirement of the Central Bank of Sri Lanka. Specifically, it covers the 4th pillar of the Financial Inclusion Framework, which is Financial Literacy and Capacity Building. Our objective is to empower and equip young people with the necessary knowledge and skills to make informed financial decisions and achieve financial independence. Through this series of workshops, we hope to build a financially literate and inclusive society. Given the challenging economic times in the country, it is crucial that young people are equipped with the necessary skills to manage their finances effectively. At Singer Finance, we are committed to promoting financial literacy and inclusion in the communities we serve, and we believe that this initiative is a step in the right direction.

Impact	Supporting SDGs
<ul style="list-style-type: none"> 200 students benefited from the workshop held. 	 



2. Customer Finance Literacy Building

Singer Finance has remained committed to empowering our customers with financial literacy, and we are proud to highlight our latest initiative—an educational video designed to enhance financial understanding. In today’s complex financial landscape, we recognize the importance of equipping our customers with the knowledge and skills necessary to make informed decisions. By fostering a greater understanding of personal finance, we strive to empower our customers to achieve their financial goals and navigate the ever-changing financial landscape with confidence.



2. Library construction and books donation - කියවීම් අත්වැල

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

Impact	Supporting SDGs
<ul style="list-style-type: none"> Empower around 147 students and instil a reading habit in them 	



4. Donation of computers to school IT laboratories - පුංචි අපේ පරිගණක විද්‍යාගාරය

During the year we embarked on a project to donate computers to schools that lacked IT facilities and IT laboratories. The project aimed to develop IT literacy among the student community and bridge the technology gap in underprivileged schools.

Impact	Supporting SDGs
<ul style="list-style-type: none"> Two successful projects in Panadura and Negombo where we donated 12 computers to two schools. 1,100 students were able to benefit from the new IT facilities. 	 



SUSTAINABILITY AT SINGER FINANCE

5. Christmas projects- දෙසැනැස්ස පවත්වම




During the Christmas season, Singer Finance undertook two initiatives to bring joy and happiness to the elderly and children in need. We will continue to seek out opportunities to make a positive impact on the communities we serve.

Our Action	Supporting SDGs
<ul style="list-style-type: none"> Voice Elders Home Fellowship, Wennappuwa- lunch for 25 elders and donated gift packs while spending quality time with them. We also organized a Christmas lunch for 50 children at a children’s home in Kandy and provided educational materials and stationery to support their learning. 	  



6. Stationery donation to school children




Singer Finance launched a Stationery Donation project in collaboration with the Tree for Every Tuk-Tuk program, aimed at providing stationery gift packs to financially challenged but talented school children who lack the resources to pursue education successfully. On a branch level in collaboration with the administration department stationery items were distributed to children of low-income earning families and when opening new branches Singer Finance donated stationery packs to under-privileged students of the area.

Impact	Supporting SDGs
<ul style="list-style-type: none"> Stationery gift packs donated - 100. 	  



6. Donation of lottery stalls.

We have made a positive impact on the lives of three families through the donation of three lottery stalls. These families were engaged in selling lotteries for their daily income, and our donation has provided them with some stable for their source of livelihood.

Impact	Supporting SDGs
<ul style="list-style-type: none"> Families benefited - 3 	  



DISCLOSURE REPORT UNDER FINANCE COMPANIES CORPORATE GOVERNANCE DIRECTION NO. 5 OF 2021

Corporate Governance Directions

Finance Companies Corporate Governance Direction No. 5 of 2021 and the subsequent amendments sets out the Corporate Governance Direction. All Finance Companies are required to be compliant with the said Direction.

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

Reporting to Central Bank

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

Disclosure under Corporate Governance Direction No. 5 of 2021

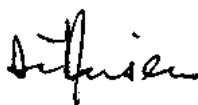
It is hereby certified that the Company is in compliance with the prudential requirements, regulations, laws and internal controls. There was no necessity to take any corrective action on non-compliance during the period under review.

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

It is hereby certified that the Company is in compliance with the Acts, rules and directions issued by the Monetary Board during the period under review.



Thushan Amarasuriya
Chief Executive Officer



Ranil De Silva
Chairman - Audit Committee



Iman Perera
Chief Operating Officer



Suranga Jayaweera
Senior Manager - Compliance

Colombo
4th May 2023

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 2023 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	INED	4/4

(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 04th May 2023. 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 functioned as the Secretary to the Committee up to 10th April 2023. Mr. Lasitha Dias was appointed as the Company Secretary in place of Hayleys Group Services (Private) Limited with effect from 11th April 2023.

The 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 exercises 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.

BOARD AUDIT COMMITTEE REPORT

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 Company's 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

Approximately half of the internal audits of the branches are 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 2022/23. 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 2024 subject to the approval of the Shareholders at the Annual General Meeting.

Finance Companies (Corporate Governance) Direction No.3 of 2008 and No.5 of 2021

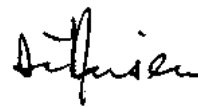
The highest standards of corporate governance and adherence to the internal policies and procedures were ensured by the Audit Committee to establish good governance within the organisation.

In terms of the Section 8 (2) 1 of the Finance Companies (Corporate Governance) Direction No.3 of 2008, the Chief Finance Officer, the Head of Internal Audit and a representative of the external auditors may normally attend meetings. The Chief Executive Officer also attends meetings upon the invitation of the Committee. However, at least twice a year the Committee meets with the external auditors without the Executive Directors being present. The Audit Committee last met with the external auditors without the presence of the Executive Directors and Management on 30th January 2023.

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

Conclusion

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
04th May 2023

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 2023 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Jayanth Perera (C)	Senior INED	2/2
Mr. Aravinda Perera	NED	2/2
Mr. Ranil De Silva	INED	2/2
Mr. Saman Herath	INED	2/2

(C) - Chairman

INED - Independent Non-Executive Director

NED - Non-Executive Director

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

Hayleys Group Services (Private) Limited functioned as the Secretary to the Committee up to 10th April 2023. Mr. Lasitha Dias was appointed as the Company Secretary in place of Hayleys Group Services (Private) Limited with effect from 11th April 2023.

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

Scope of the Committee

The Nomination Committee operates within the terms of reference as approved by the Board. As per the said terms of reference, the majority of the Membership of the Committee shall be Non-Executive Directors and shall include at least one or one third (whichever is higher) of Independent Non-Executive Directors. The Chairman of the Committee shall

be an Independent Non-Executive Director appointed by the Board. The quorum of the Committee shall be two members who are Non-Executive Directors of whom at least one should be independent.

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

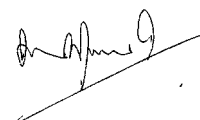
- Propose a suitable Charter for the appointment and re-appointment of Directors to the Board and to act in accordance with such a Charter in proposing appointments and re-appointments. Such a Charter shall cover areas such as qualifications, competencies, independence and relationships which have the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

Re-election of Directors at the Annual General Meeting

In terms of Article 24(4) of the Articles of Association of the Company, Ms. Darshini Talpahewa retires by rotation and is eligible to offer herself for re-election. Accordingly, the shareholders will be requested to re-elect her at the forthcoming Annual General Meeting.

Conclusion

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



Jayanth Perera
Chairman – Board Nomination
Committee

Colombo
04th May 2023

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 2023 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Jayanth Perera (C)	INED	4/4
Mr. Saman Herath	INED	4/4
Mr. Thushan Amarasuriya	ED	3/4

(C) - Chairman

INED - Independent Non-Executive Director

NED - Non-Executive Director

The Assistant Manager Risk, functions as the Secretary to the Committee. Chief Operating Officer, Head of Finance, Senior Manager Credit and Group Sales, Head of Recoveries, Consultant to the Chairman, Head of Treasury and Financial Services, Senior Manager Compliance, Head of Recovery and Head of Strategic Planning represented the Management at the Committee by invitation 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.

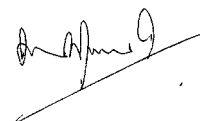
Anti-Money Laundering and Combating the Financing of Terrorism Committee (AML/ CFT Committee)

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.

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
4th May 2023

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 2023 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Jayanth Perera (C)	Senior INED	5/5
Mr. Saman Herath	INED	5/5
Mr. Thushan Amarasuriya	ED	5/5

(C) - Chairman

INED - Independent Non-Executive Director

ED - Executive Director

The Credit Manager functions as the Secretary to the Committee. Chief Executive Officer, Chief Operating Officer, Head of Finance, Consultant to the Chairman, Head of Treasury and Financial Services, Senior Manager Credit, Head of Recoveries and Head of Legal represented the Management 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.

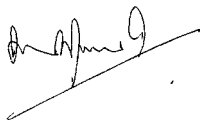
- Administration of the Company's credit portfolio, including Management's responses to trends in credit risk, credit concentration and asset quality and shall receive and review reports from Management regarding compliance with applicable credit risk related policies, procedures and tolerances.

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.

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
4th May 2023

BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

Composition and Meetings

The Remuneration Committee is a sub-committee of the Board of Directors of the Company and reports directly to the Board. As at 31st March 2023 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Jayanth Perera (C)	Senior INED	2/2
Mr. Aravinda Perera	NED	2/2
Mr. Ranil De Silva	INED	2/2
Mr. Saman Herath	INED	2/2

(C) - Chairman

INED - Independent Non-Executive Director

NED - Non-Executive Director

The Human Resources and Remuneration Committee consists of three Independent Non-Executive Directors and one Non-Executive Director. The Chief Executive Office Mr. Thushan Amarasuriya functions as the Secretary to the Committee.

Group Chief Executive Officer and Group Chairman attend the Committee by invitation and assists the Committee by providing the relevant information and participating in its analysis and deliberations.

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

Regulations/rules relevant to the Functions of the Committee

The Human Resources and Remuneration Committee was formed by the Board in compliance with Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange and its composition and functions are in conformity with the Listing Rules.

Scope of the Committee

The scope of the Committee includes:

- Looking into fees, remuneration and perquisites of the Chief Executive Officer who is also an Executive Director of the Board of the Company, Independent Directors and Non-Executive Directors and approve recommendations made by the Group Chief Executive Officer.
- Reviewing the policies pertaining to the remuneration and perquisites of the Executives of the Company.
- Setting goals and targets for the Directors, Chief Executive Officer and Key Management Personnel.
- Evaluate the performance of the Chief Executive Officer and Key Management Personnel against the pre-agreed targets and goals.

The primary objective of the Remuneration Policy of the Company is to align remuneration with performance, whilst ensuring that the Company is able to attract and retain employees critical to deliver the Company's strategy and to make continued progress towards ensuring a high performing culture in line with the Company's values.

Through the Remuneration Policy, the Company endeavors to encourage an entrepreneurial mindset by creating a working environment that motivates high performance so that all employees can positively and ethically contribute to the strategy, vision and goals of the Company while upholding its values.

Professional Advice

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

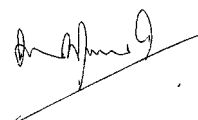
Remuneration paid to Directors

The remuneration paid to Directors during the year under review is disclosed in Note 10.1 to the financial statements.

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

Conclusion

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



Jayanth Perera

Chairman - Human Resources and Remuneration Committee

Colombo
4th May 2023

BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Composition and Meetings

The Related Party Transactions Review Committee comprises three Independent Non-Executive Directors. Chairman, Group Chief Executive Officer, Chief Executive Officer, Head of Finance and Senior Manager Compliance attend the Committee by invitation. As at 31st March 2023 the Committee comprised the following Directors.

Name	Category	Meetings Attended
Mr. Ranil De Silva (C)	INED	4/4
Mr. Jayanth Perera	Senior INED	4/4
Mr. Saman Herath	INED	4/4

(C) - Chairman

INED - Independent Non-Executive Director

The above composition is in compliance with the provisions of the Central Bank of Sri Lanka, listing rules and Code regarding the composition of the Board Related Party Transactions Review Committee. Brief profiles of the members are given on page 149 of this Annual Report.

Hayleys Group Services (Private) Limited functioned as the Secretary to the Committee up to 10th April 2023. However, Mr. Lasitha Dias was appointed as company secretary with effect from 11th April 2023.

Scope of the Committee

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

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

Task of the committee

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

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

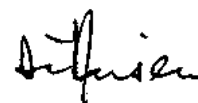
Related Party Transactions are disclosed in the Note 39 to the Financial Statements.

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 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
4th May 2023

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,
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TO THE BOARD OF DIRECTORS OF SINGER FINANCE (LANKA) PLC

We were engaged by the Board of Directors of Singer Finance (Lanka) PLC ("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 2023.

Management's responsibility for the Statement on Internal Control

Management is responsible for the preparation and presentation of the Statement in accordance with the paragraph 16.1(ix) of Finance Business Act Directions No 05 of 2021- Corporate Governance issued, by the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011.

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:

- (a) Inquired 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.
- (b) Reviewed the documentation prepared by the Directors to support their statement made.
- (c) Related the statement made by the Directors to our knowledge of the Company obtained during the audit of the Financial Statements.
- (d) Reviewed the minutes of the meetings of the Board of Directors and of relevant Board Committees.
- (e) 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.
- (f) 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.
- (g) 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, (which did not cover the "Statement On Prudential Requirements, Regulations and Law) nothing has come to our attention that causes us to believe that the Statement included on page 151 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

16th May 2023

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

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

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

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

DIRECTORS' STATEMENT ON INTERNAL CONTROL

Responsibility

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

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

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board and Board appointed sub committees in accordance with the Guidance for Directors of Banks, Licensed Finance Companies and Finance Leasing Companies on the Directors' Statement on Internal Control issued by the Institute of Chartered Accountants of Sri Lanka. The Board has assessed the internal control system taking into account principles for the assessment of internal control system as noted therein.

The Management assists the Board in the implementation of the policies and procedures on risk and control by identifying and assessing the risks faced and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

Key features of the process adopted in applying and reviewing the design and effectiveness of internal control system on financial reporting.

The 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 the Company's operations and that they are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions approved by the Board.
- The Internal Audit Division of the Company checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any non-compliance. Audits are carried out on all units and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report. The annual audit plan is reviewed and approved by the Board Audit Committee. Findings of the internal audit are submitted to the Board Audit Committee for review at their periodic meetings.
- The Board Audit Committee of the Company reviews internal control issues identified by the Internal Audit Division, regulatory authorities and Management and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and the quality of internal audits.

The Minutes of the Board Audit Committee meetings are tabled at the meetings of the Board of Directors of the Company. Further, details of the activities undertaken by the Board Audit Committee of the Company are set out in the 'Board Audit Committee Report' which appears on pages 143 & 144.

- The observations made by the External Auditors in connection with the internal control system during the financial year 2022/2023 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.

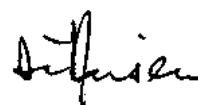
Confirmation

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.

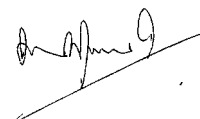
Review of the Statement by External Auditors

The External Auditors have reviewed the above Directors' Statement on Internal Controls included in the Annual Report of the Company for the year ended 31st March 2023 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
16th May 2023

BOARD OF DIRECTORS COMMUNICATION POLICY

Policy Statement

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

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

Communications to the Board

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

Mr. Lasitha Dias
Company Secretary
No.498, R.A. De Mel Mawatha,
Colombo 03

Procedures for Handling Communications to the Board

The Board has designated the Company Secretary as its agent to receive and review written communications addressed to the Board, any of its Committees, or any Board member or group of members. The Company Secretary may communicate with the sender for any clarification. In addition,

the Company Secretary will promptly forward to the Chairman of the Audit Committee any communication regarding legal, ethical or compliance issues by Management or any other matter deemed by the Company Secretary to be potentially material to the Company.

As an initial matter, the Company Secretary will determine whether the communication is a proper communication for the Board. The Company Secretary will not forward to the Board, any Committee or any Director communications of a personal nature or not related to the duties and responsibilities of the Board, including, without limitation, junk mail and mass mailings, business solicitations, opinion survey polls or any other communications deemed by the Company Secretary to be immaterial to the Company.

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



Lasitha Dias
Company Secretary

4th May 2023

GRI CONTEXT INDEX

Statement of use Singer Finance Lanka PLC has reported with reference to the GRI standards for the period 1st April 2023 to 31st March 2023.

GRI 1 used GRI 1: Foundation 2021

GRI Standard	Disclosures	Location	Omission			GRI Sector Standard Ref.No
			Requirement(s) Omitted	Reason	Explanation	
General Disclosures						
GRI 2: General Disclosures 2021	2-1	Organizational details	Back inner cover			
	2-2	Entities included in the organization's sustainability reporting	73-133			
	2-3	Reporting period, frequency and contact point	5,7,128			
	2-4	Restatements of information			No restatement	
	2-5	External assurance	150-160			
	2-6	Activities, value chain and other business relationships	3,10,28,48-50			
	2-7	Employees	39-47			
	2-8	Workers who are not employees	53			
	2-9	Governance structure and composition	162-166			
	2-10	Nomination and selection of the highest governance body	145			
	2-11	Chair of the highest governance body	73-133			
	2-12	Role of the highest governance body in overseeing the management of impacts	162-166			
	2-13	Delegation of responsibility for managing impacts	73-133			
	2-14	Role of the highest governance body in sustainability reporting	73-133			
	2-15	Conflicts of interest	149,162-167			
	2-16	Communication of critical concerns	152			
	2-17	Collective knowledge of the highest governance body	73-133			
	2-18	Evaluation of the performance of the highest governance body	73-133,148			
	2-19	Remuneration policies	148			
	2-20	Process to determine remuneration	148			
	2-21	Annual total compensation ratio			Classified Information	
	2-22	Statement on sustainable development strategy	134-141			
	2-23	Policy commitments	54,73-133,162			
	2-24	Embedding policy commitment	73-133			
	2-25	Processes to remediate negative impacts	152, 273			
	2-26	Mechanisms for seeking advice and raising concerns	48-51,148,152			
	2-27	Compliance with laws and regulations			No such Non-compliance	
	2-28	Membership associations	48-51			

GRI CONTEXT INDEX

GRI Standard	Disclosures	Location	Omission			GRI Sector Standard Ref.No
			Requirement(s) Omitted	Reason	Explanation	
	2-29	Approach to stakeholder engagement	263-264			
	2-30	Collective bargaining agreements		Not Applicable		
Material topics						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	30-31			
	3-2	List of material topics	30-31			
Economic Performance						
GRI 3: Material Topics 2021	3-3	Management of material topics	30-31, 32-58, 162-166			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	28-29, 258			
	201-2	Financial implications and other risks and opportunities due to climate change	59-71			
	201-3	Defined benefit plan obligations and other retirement plans	39-47			
	201-4	Financial assistance received from government		No such disclosure		
Indirect Economic Impacts						
GRI 3: Material Topics 2021	3-3	Management of material topics	30-31			
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	36-38			
	203-2	Significant indirect economic impacts	10			
Procurement Practices						
GRI 3: Material Topics 2021	3-3	Management of material topics	30-31			
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	50			
Anti-corruption						
GRI 3: Material Topics 2021	3-3	Management of material topics	30-31			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	59-71			
	205-2	Communication and training about anti-corruption policies and procedures	73-133			
	205-3	Confirmed incidents of corruption and actions taken		No such incidents		
Tax						
GRI 3: Material Topics 2021	3-3	Management of material topics	30-31			
GRI 207: Tax 2019	207-1	Approach to tax	34			
	207-2	Tax governance, control, and risk management	34, 59-71			
	207-3	Stakeholder engagement and management of concerns related to tax	263-264			

GRI Standard	Disclosures	Location	Omission			GRI Sector Standard Ref.No
			Requirement(s) Omitted	Reason	Explanation	
	207-4	Country-by-country reporting		No such disclosure		
Materials						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33			
GRI 301: Materials 2016	301-1	Materials used by weight or volume	55-58			
	301-2	Recycled input materials used	55-58			
Energy						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	55-58			
	302-3	Energy intensity	55-58			
	302-4	Reduction of energy consumption	55-58			
	302-5	Reductions in energy requirements of products and services	55-58			
Water						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33			
GRI 303: Water 2018	303-1	Interactions with water as a shared resource	55-58			
	303-2	Management of water discharge-related impacts	55-58			
	303-5	Water consumption	55-58			
Emissions						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33			
GRI 305: Emissions 2016	305-1	Disclosure direct (Scope 1) GHG emissions	55-58			
	305-2	Energy indirect (Scope 2) GHG emissions	55-58			
	305-3	Other indirect (Scope 3) GHG emissions	55-58			
	305-5	Reduction of GHG emissions	55-58			
Waste						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33			
GRI 306: Waste 2020	306-1	Waste generation and significant waste related impacts	55-58			
	306-2	Management of significant waste related impacts	55-58			
	306-3	Waste generated	55-58			
	306-5	Waste directed to disposal	55-58			
Employment						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	39-47			

GRI CONTEXT INDEX

GRI Standard	Disclosures	Location	Omission			GRI Sector Standard Ref.No
			Requirement(s) Omitted	Reason	Explanation	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	39-47			
	401-3	Parental leave	39-47			
Labor/Management Relations						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33			
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	39-47			
Occupational Health and Safety						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33			
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	39-47			
	403-2	Hazard identification, risk assessment, and incident investigation	39-47			
	403-3	Occupational health services	39-47			
	403-4	Worker participation, consultation, and communication on occupational health and safety	39-47			
	403-5	Worker training on occupational health and safety	39-47			
	403-6	Promotion of worker health	39-47			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	39-47			
	403-9	Work-related injuries	39-47			
Training and Education						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	39-47			
	404-2	Programs for upgrading employee skills and transition assistance programs	39-47			
	404-3	Percentage of employees receiving regular performance and career development reviews	39-47			
Non-discrimination						
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	39-47			

GRI Standard	Disclosures	Location	Omission		GRI Sector Standard Ref.No
			Requirement(s) Omitted	Reason	
Freedom of Association and Collective Bargaining					
GRI 3: Material Topics 2021	3-3	Management of material topics		No such disclosure	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		No such disclosure	
Child labour					
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33		
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor		Not Applicable	
Local Communities					
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33		
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	48-51		
Customer health and safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33		
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	48-51		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Not Applicable	
Marketing and labelling					
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33		
GRI 417: Marketing and Labeling 2016	417-1	Incidents of non-compliance concerning product and service information and labelling		Not Applicable	
	417-2	Incidents of non-compliance concerning marketing communications		Not Applicable	
Customer Privacy					
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33		
GRI 418: Customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No such Complaints	

INDEPENDENT ASSURANCE REPORT TO SINGER FINANCE (LANKA) PLC



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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 2023. The Sustainability Indicators are included in the Singer Finance (Lanka) PLC Integrated Annual Report for the year ended 31 March 2023 (the “Report”).

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

Assured Sustainability Indicators as per the Audited Financial Statements for the year ended 31 March 2023, dated 4th May and the audit report dated 4th May 2023 thereon	Integrated Annual Report Page
Financial Highlights	9

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

Limited Assurance Sustainability Indicators	Integrated Annual Report Page
Non-Financial Highlights	10
Information provided on following	
Financial Capital	32 to 35
Manufactured Capital	36 to 38
Human Capital	39 to 47
Social & Relationship Capital	48 to 51
Intellectual Capital	52 to 54
Natural Capital	55 to 58

Our conclusions

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

Reasonable Assurance Sustainability Indicators

In our opinion, in all material respects, the Reasonable Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2023, in all material respects, has been prepared and presented by the management of Singer Finance (Lanka) PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Limited Assurance Sustainability Indicators

Based on the evidence we obtained from the assurance procedures performed, as described below we are not aware of any material misstatements that causes us to believe that the Limited Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2023, have not in all material respects, been prepared and presented by the management of Singer Finance (Lanka) PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Management’s Responsibility

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

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

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

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



Our responsibility

Our responsibility is to express a reasonable assurance conclusion on the Company's preparation and presentation of the Reasonable Assurance 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 Management (SLSQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance

with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reasonable assurance over Reasonable Assurance Sustainability Indicators

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

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

INDEPENDENT ASSURANCE REPORT TO SINGER FINANCE (LANKA) PLC



- reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

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

Purpose of our report

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

Restriction of use of our report

This report has been prepared for the Directors of Singer Finance (Lanka) PLC for the purpose of providing an assurance conclusion on the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators included in the Singer Finance (Lanka) PLC Integrated Annual Report for the year ended 31st March 2023 and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Singer Finance (Lanka) PLC, or for any other purpose than that for which it was prepared.

CHARTERED ACCOUNTANTS
Colombo

02 June 2023

FINANCIAL STATEMENTS

Financial Calendar – 2022/23

Annual Report 2021/22 10th May 2022

Fifteenth Annual General Meeting 29th June 2022

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

1st Quarter

For the three months ended 30th June 2022

(Unaudited) 28th July 2022

2nd Quarter

For the six months ended 30th September 2022

(Unaudited) 1st November 2022

3rd Quarter

For the nine months ended 31st December 2022

(Unaudited) 30th January 2023

4th Quarter

For the twelve months ended 31st March 2023

(Unaudited) 08th May 2023

Annual Report & Annual General Meeting

Annual Report 2022/23 Approved on 04th May 2023

Sixteenth Annual General Meeting 27th June 2023

Proposed Financial Calendar 2023/24

1st Quarter Results

For the three months period ending 30th June 2023

(Unaudited) July 2023

2nd Quarter Results

For the six months period ending 30th September 2023

(Unaudited) November 2023

3rd Quarter Results

For the nine months period ending 31st December 2023

(Unaudited) February 2024

4th Quarter Results

For the twelve months period ending 31st March 2024

(Unaudited) May 2024

Annual Report and Audited Accounts for 2023/24

(Audited) June 2024

Seventeenth Annual General Meeting June 2024

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 2023.

Review of the Year

The Chairman's Review (pages 12 to 14), the Group Chief Executive Officer's Review (pages 15 to 17), Chief Executive Officer's Review (pages 18 to 20) and Capital Reports (pages 32 to 58), 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 12 to 13 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 168 to 171 in this Annual Report.

Financial Statements

The Financial Statements for the year ended 31st March 2023 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 172 to 262 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 178 to 256. The accounting policies adopted are consistent with the previous financial year.

Property, Plant and Equipment

During the year under review, the Company invested Rs. 294.1 million (2021/22, Rs. 156.6 million) in Property, Plant and Equipment. Rs. 159.5 million was spent on renovating and upgrading leasehold premises. Further Rs. 43.4 million, Rs. 72.0 million, Rs. 19.0 million and Rs.0.2 million were spent on purchasing of EDP Equipment, Office Equipment, Furniture and Fittings and Motor Vehicles respectively.

Details of Property, Plant and Equipment and their movements are given in Note 22 to the Financial Statements.

Intangible Assets

During the year under review, the Company acquired Rs. 22.7 million worth of software to develop the IT infrastructure of the Company. Total investment in software as at the Balance Sheet date was Rs. 80.4 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 167.

Corporate Governance

The Company has complied with Corporate Governance Rules laid down under the Listing Rules of the Colombo Stock Exchange, Code of Best Practice on Corporate Governance issued in year 2017 by the Institute of Chartered Accountants of Sri Lanka and the Corporate Governance Directions No. 3 of 2008, subsequent amendments issued by the Central Bank of Sri Lanka and Corporate Governance Direction No. 5 of 2021. The corporate governance section on pages 73 to 133 describes the good corporate governance principles adopted by the Company.

Profit and Appropriations	2023 Rs.	2022 Rs.
Company profit before tax for the year ended 31st March after deducting all expenses, known liabilities and depreciation amounts	678,572,995	958,668,862
Provision for income tax	(269,529,029)	(337,528,693)
Profit after tax for the year	409,043,966	621,140,169
Profit brought forward from the previous year	2,491,075,742	2,118,970,479
Surcharge Tax	-	(53,015,894)
Interim dividend of Rs.0.80 per share	(161,659,260)	(161,659,260)
Profit available for appropriation	2,738,460,448	2,525,435,494
The following appropriations have been proposed:		
Transfer to Reserve fund	(20,452,198)	(31,057,009)
Actuarial (Gain)/Loss on Retirement Benefit Obligation	5,931,661	(4,345,715)
Tax on Other Comprehensive Income	(1,779,498)	1,042,972
Total appropriation before Other Comprehensive Income	(16,300,035)	(34,359,752)
Balance on Company basis to be carried forward	2,722,160,413	2,491,075,742

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 2021/22 and paid on 15th August 2022, 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 2023 amounted to Rs. 2,978.8 million vs Rs. 2,778.2 million as at 31st March 2022. 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 2023 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 232.

Events after the Reporting Period

There have been no material events occurring after the Reporting date which requires adjustments to or disclosure.

Statutory Payments

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 167.

Directors Interests and Interest Register

Details of transactions with Director-related entities are disclosed in Note 39 to the Financial Statements on pages 251 to 256 and have been declared at the Board Meetings, pursuant to the Section 192 (2) of the Companies Act No. 7 of 2007.

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

Board of Directors and Board Sub-Committees

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

Executive

Mr. Thushan Amarasuriya - CEO

Non-Executive

Mr. Aravinda Perera - Chairman

Mr. Mahesh Wijewardene - Group CEO

Ms. Darshini Talpahewa

Mr. Sadeep Perera (resigned on 01st December 2022)

Independent Non-Executive

Mr. Jayanth Perera (Senior Independent)

Mr. Ranil De Silva

Mr. Saman Herath

Brief profiles of the Directors are shown on pages 21 to 23.

Retirement, Re-election, Resignation and Appointment of Directors

The Board received notice from Mr. Jayanth Perera that he will be attaining the age of 70 years on 24th May 2023. The Board has requested Mr. Jayanth Perera to continue to serve as a director of the company, and Mr. Jayanth Perera has consented to remain on the Board subject to the due compliance of the

provision of the Companies Act No. 7 of 2007 and the Finance Business Act Directions No. 5 of 2021 and No. 6 of 2021, has offered himself for re-appointment to the Board.

The Directors recommended the resolution declaring that the age limit stipulated in Section 210 of the companies Act No. 7 of 2007 shall not apply to Mr. Jayanth Perera notwithstanding him having attained the age of 70 years and that his re-appointment for a further period of one year is approved and to re-elect him in terms of the Section 211 of the Companies Act No. 7 of 2007

In terms of Article 24 (4) of the Articles of Association of the Company, Ms. Darshini Talpahewa retires by rotation and being eligible offers herself for re-election and the shareholders will be requested to re-elect her at the forthcoming Annual General Meeting.

Mr. Sadeep Perera, Non-Executive Director resigned from the Board on 01st December 2022.

Independence of Directors

In accordance with the Finance Companies (Corporate Governance) Direction No. 5 of 2021, Section A 5.4 of Code of Best Practice on Corporate Governance and Rule 7.10.2(b) of the Colombo Stock Exchange (CSE) Listing Rules, Mr. Jayanth Perera, Mr. Ranil De Silva and Mr. Saman Herath 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 6 (3) of Finance Business Act Direction No. 5 of 2021.

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

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)

Mr. Aravinda Perera
(Non-Executive Director)

Mr. Lasitha Dias
Secretary (Appointed w.e.f 11th April 2023)

*Functioned as the Secretary of the Committee up to 10th April 2023.

The Report of the Audit Committee on pages 143 to 144 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)

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

Mr. Tharaka Sandaruwan
Manager Risk/ Secretary
(appointed w.e.f 11th April 2023)

*Mr. Sameera Madusanka functioned as the Secretary of the Committee up to 10th April 2023)

The Report of the Board Risk Management Committee on page 146 sets out the manner of compliance by the Company in accordance with the requirements of the Finance Companies (Corporate Governance) Direction No. 03

of 2008 and subsequent amendments issued by the Central Bank of Sri Lanka.

Remuneration Committee

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

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

Mr. Aravinda Perera
(Non-Executive Director)

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

Mr. Saman Herath
(Independent Non-Executive Director)

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

The Report of the Remuneration Committee on page 148 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 10.1 to the Financial Statements on page 187 .

Board Nomination Committee

Following are the names of the Directors and Company Secretary comprising the Nomination Committee of the Board:

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

Mr. Saman Herath
(Independent Non-Executive Director)

Mr. Aravinda Perera
(Non-Executive Director)

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

Mr. Lasitha Dias
Company Secretary (appointed w.e.f 11th April 2023)

*Hayleys Group Services (Private) Limited functioned as the secretary of the Committee up to 10th April 2023

The Report of the Board Nomination Committee on page 145 sets out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued in 2017 by the Institute of Chartered Accountants of Sri Lanka.

Related Party Transactions Review Committee

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

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

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

Mr. Saman Herath
(Independent Non-Executive Director)

Mr. Lasitha Dias
Company Secretary (appointed w.e.f 11th April 2023)

*Hayleys Group Services (Private) Limited functioned as the secretary of the Committee up to 10th April 2023

The report of the Board-Related Party Transactions Review Committee on page 149 sets out the manner of compliance by the Company.

The Board of Directors has given the following statement;

“The related party transactions of the Company, during the financial year have been reviewed by the Related Party Transactions Review Committee during respective periods of review and are in compliance with Section 9 of the Listing Rules.”

Directors' and Officers' Liability Insurance

The ultimate parent of the Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance cover

including Singer Group from a reputed insurance Company in Sri Lanka providing worldwide cover to indemnify all past, present and future liability towards the Directors and Officers of the Company.

Share Information and Substantial Shareholdings

The distribution of shareholding, public holding percentage, market value of shares, twenty largest Shareholders are given on pages 259 to 262 in this Annual Report.

Earnings per share, dividend per share, dividend pay-out and net assets value per share are given in the financial highlights of this Annual Report.

Directors' Interest in Ordinary Shares and Debentures

The Shareholding of Directors and Chief Executive Officer at the beginning of the year and as at the end of the year were as follows:

Name of the Director	Shareholding		Debenture Holding	
	31.03.2023 No. of shares	01.04.2022 No. of shares	31.03.2023 No. of Debenture	01.04.2022 No. of Debenture
Mr. Aravinda Perera	Nil	Nil	Nil	Nil
Mr. Jayanth Perera	Nil	Nil	Nil	Nil
Mr. Ranil De Silva	Nil	Nil	Nil	Nil
Mr. Thushan Amarasuriya	50,155	50,155	Nil	Nil
Mr. Mahesh Wijewardene	Nil	Nil	Nil	Nil
Ms. Darshini Talpahewa	Nil	Nil	Nil	Nil
Mr. Saman Herath	Nil	Nil	Nil	Nil
Mr. Sadeep Perera (resigned on 01.12.2022)	Nil	Nil	Nil	Nil

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

Employment

The number of persons employed by the Company as at 31st March 2023 was 751 (2022 – 818).

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 47.

Donations

During the year, the Company has made Rs. 778,750/- as donations. (2022 - Rs. 439,310/-)

Appraisal of the Board Performance

Performance of the Board, and Committees of the Board are reviewed periodically. Chairman gets feedback on the status and affairs of respective Committees through respective Chairmen of such Committees quarterly. Further, the members of the Board are subjected to an annual self-evaluation of their performance.

Code of Conduct and Ethics

The Company is following the Code of Conduct established by the Company. All the Key and Senior Managers need to adhere to the code of conduct of the Company and escalate down the same to their reports. If there are any deviations, such matters need to be brought to the notice of the Chief Executive Officer.

Cyber Security Risk

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

Auditors

The Financial Statements for the period under review were audited by Messrs KPMG, Chartered Accountants who 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 2023/24.

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 187 in this Annual Report.

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

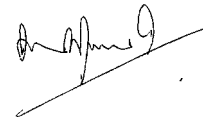
The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditors. Details on the work of the Audit Committee are set out in the Audit Committee Report.

Notice of Meeting

The 16th Annual General Meeting will be held at the Conference Hall of Hayleys PLC, No.400, Deans Road, Colombo 10, Sri Lanka on 27th June 2023 at 1.30 p.m.

The Notice of the Annual General Meeting of the shareholders is given on page 270.

For and on behalf of the Board,



Jayanth Perera
Senior Independent
Non-Executive Director



Thushan Amarasuriya
Executive Director/CEO



Lasitha Dias
Company Secretary

Colombo
4th May 2023

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Companies Act No. 7 of 2007 ('the Companies Act') requires Directors to ensure that the Company keeps accounting records, which correctly record and explain the Company's transactions and prepare Financial Statements that give a true and fair view of the state of the Company's affairs as at the reporting date and of the profit and loss for the year.

In terms of Section 150 (1) and Section 151 of the companies Act, the Directors are responsible to ensure compliance with the requirements set out therein to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the company as at the end of financial year and of the profit or loss of the company for the financial year then ended, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that it is in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

The Directors confirm the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS), the Directions issued by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011, The Companies Act No. 7 of 2007 and the Rules of the Colombo Stock Exchange and consistent with the underlying books of accounts.

The Directors have taken proper and sufficient measures to safeguard the assets of the Company, have instituted appropriate systems of internal control

and accounting records to prevent and detect frauds and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. The Board has conducted a review of Internal controls covering material risk to the company and have obtained reasonable assurance of their effectiveness through an independent review.

In preparing the Financial Statements, the Directors are responsible to ensure that appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made and all applicable accounting standards have been complied with.

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

The Board of Directors has also instituted an effective and comprehensive systems of internal control for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the year, which is primarily handled through the Audit Committee and the Integrated Risk Management Committee. The Directors have taken adequate measures to ensure that all stakeholders including depositors are fairly treated.

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

The Financial Statements of the Company have been certified by the

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

Messrs KPMG Chartered Accountants, the Auditors of the Company, have examined the Financial Statements made available by the Board of Directors together with all relevant financial records, related data, minutes of Shareholders' and Directors' meetings and express their opinion in their Report on pages 168 to 171 of the Annual Report.

Compliance Report

Based on the Report of the Compliance Officer, the Directors confirm that to the best of their knowledge and belief, that the company has not engaged in any activity which contravenes laws and regulations, all taxes, duties, and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid, or were provided for.

By Order of the Board



Lasitha Dias
Company Secretary

Colombo
4th May 2023

INDEPENDENT AUDITOR'S REPORT



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

Tel +94 - 11 542 6426
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TO THE SHAREHOLDERS OF SINGER FINANCIAL (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 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes set out on pages from 172 to 256.

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 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards ("SLAuSs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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.

Risk Description	Our response
<p>As at 31 March 2023, 76% of its total assets of the Company consisted of loans and advances and finance lease receivables amounting to Rs. 24 Bn. Higher degree of complexity and judgement are involved in estimating Expected Credit loss (ECL) amounting to Rs. 1.42 Bn as at the reporting date.</p> <p>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).</p> <p>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.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> ● Understanding and assessing the design and implementation and operating effectiveness of management key internal controls over the approval, recording and monitoring of loans and advances and finance lease receivables, and the measurement of provisions for impairment. ● Assessing the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default exposure at default, discount rate, adjustments for forward looking information and other management adjustments and assessing the reasonableness of key management judgement. As part of this work, we assessed the reasonableness of the Company's considerations of the current economic uncertainty of the Country.

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

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

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



Risk Description	Our response
<p>Additional subjectivity and judgement have been introduced into the Company's measurement of ECL due to the heightened uncertainty associated with the impact of the economic outlook to the Company's customers, increasing our audit effort thereon.</p> <p>The disclosures regarding the Company's application of SLFRS 9 are key to explaining the key judgements and material inputs to the SLFRS 9 ECL results.</p>	<ul style="list-style-type: none"> ⦿ 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 loans and advances and finance lease receivables to verify the calculation accuracy of the credit loss allowance. ⦿ We have involved our FRM specialist to assess the reasonability of the adjustments made by the Company to the forward looking macro-economic factors and assumptions used in the ECL model. ⦿ We involved our FRM specialist to assess the logic and compilation of the overdue information of loans and advances, finance lease receivables and hire purchase receivables. ⦿ Evaluating whether the disclosures on impairment of loans and advances and finance lease receivables meet the disclosure requirements of the prevailing accounting standards.
02. IT systems and controls over financial reporting	
Risk Description	Our response
<p>The Company's businesses utilize many complex, interdependent Information Technology (IT) systems to process and record a high volume of transactions. Controls over access and changes to IT systems are critical to the recording of financial information and the preparation of financial statements which provides a true and fair view of the Company's financial position and performance.</p> <p>The IT systems and controls, as they impact the recording and reporting of financial transactions, is a key audit matter as our audit approach could significantly differ depending on the effective operation of the Company's IT controls.</p>	<p>We worked with our internal IT specialists to perform audit procedures to test the technology control environment for key IT applications (systems) used in processing significant transactions and recording balances in the general ledger. We also tested automated controls embedded within these systems which link the technology-enabled business processes.</p> <p>Our further audit procedures included:</p> <ul style="list-style-type: none"> ⦿ Assessing the design, implementation, and operating effectiveness of key internal controls over the information technology in relation to financial accounting and reporting systems, including system access and system change management, monitor system integrity, program development and computer operations. ⦿ Examining the framework of governance over the Company's IT organization and the controls over program development and changes, access to programs and data and IT operations, including compensating controls when required.

INDEPENDENT AUDITOR'S REPORT



Risk Description	Our response
	<ul style="list-style-type: none"> ⦿ Evaluating the design, implementation and operating effectiveness of the significant accounts related to IT process controls by assessing the operating effectiveness of IT application controls by assessing the operating effectiveness of certain automated controls and system calculations which are relevant to the company's compliance activities and assessing the consistency of data transmission and data migration. ⦿ Assessing the availability and stability of key operating systems, taking into consideration the rapid development of business types and transactions volumes as well as IT projects that have a significant impact on business continuity. ⦿ On sample basis, re-performed selected automated computations and compared our results with those from the system and the general Ledger. ⦿ On sample basis, testing the access rights given to staff by checking them to approved records and inspecting the reports over the granting and removal of access rights ⦿ Testing preventative controls designed to enforce segregation of duties between users within particular systems.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or

otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31st March	Note	2023 Rs.	2022 Rs.
Gross Income	5	7,552,900,314	5,486,505,056
Interest Income	6.1	7,142,823,353	5,113,432,730
Interest Expense	6.2	(4,528,450,674)	(1,946,514,213)
Net Interest Income	6	2,614,372,679	3,166,918,517
Fee and Commission Income	7	339,799,004	293,029,227
Other Operating Income	8	70,277,957	80,043,099
Total Operating Income		3,024,449,640	3,539,990,843
Impairment reversal/ (charges) for Receivables and Other Losses	9	43,503,798	(412,726,480)
Net Operating Income		3,067,953,438	3,127,264,363
Expenses			
Personnel Expenses	10.1	(924,501,537)	(847,223,030)
Depreciation and Amortization		(245,118,385)	(188,692,951)
Other Operating Expenses		(903,047,776)	(845,109,149)
Operating Profit Before Tax on Financial Services	10	995,285,740	1,246,239,233
Tax on Financial Services	11	(316,712,745)	(287,570,371)
Profit Before Income Tax		678,572,995	958,668,862
Income Tax Expense	12	(269,529,029)	(337,528,693)
Profit for the Year		409,043,966	621,140,169
Other Comprehensive Income			
Items that will never be Classified to Profit or Loss			
Actuarial Gain / (Loss) on Defined Benefit Plan	31.1	5,931,661	(4,345,715)
Deferred tax on Actuarial (Gain) / Loss	30.1	(1,779,498)	1,042,972
Gain from revaluation of Financial assets measured at FVOCI		2,078,929	-
Total Other Comprehensive Income / (Expense) for the Year, Net of Tax		6,231,092	(3,302,743)
Total Comprehensive Income for the Year		415,275,058	617,837,426
Earnings per Share	13	2.02	3.07

The Notes on pages 176 through 256 form an integral part of these Financial Statements.

Figures in the brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	2023 Rs.	2022 Rs.
ASSETS			
Cash and Cash Equivalents	15.1	2,535,435,379	837,561,672
Placement with Banks	16	1,413,997,184	177,449,769
Financial Assets at Amortised Cost-Hire Purchase Receivables	17.1	-	-
Financial Assets at Amortised Cost-Finance Lease Receivables	17.2	8,887,363,654	12,954,049,012
Financial Assets at Amortised Cost-Loans and Advances	17.3	15,309,935,418	13,395,954,913
Financial Assets Measured at Fair Value Through Other Comprehensive Income	18	2,120,229	41,300
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	19	2,013,991,655	1,412,979,204
Other Debtors and Prepayments	20	293,904,793	246,508,160
Deferred Tax Assets	30.1	113,392,070	78,674,774
Intangible Assets	21	80,387,295	69,458,537
Property, Plant and Equipment	22	623,902,318	444,452,810
Right-Of-Use Assets	23	674,409,159	645,886,780
Total Assets		31,948,839,154	30,263,016,931
LIABILITIES AND EQUITY			
Liabilities			
Bank Overdraft	15.2	4,247,126	599,908,934
Financial Liabilities at Amortised Cost-Due to Customers	24	19,195,604,231	12,295,390,991
Financial Liabilities at Amortised Cost-Interest Bearing Loans and Borrowings	25	6,067,366,093	10,777,765,760
Lease Liabilities	26	757,644,503	721,891,259
Trade and Other Payables	27	475,520,756	659,116,059
Due to Related Companies	28	115,795,362	72,460,820
Current Tax Liabilities	29	228,893,041	260,377,907
Retirement Benefit Obligations	31	128,520,489	101,457,552
Total Liabilities		26,973,591,601	25,488,369,282
Equity			
Stated Capital	32	1,996,444,457	1,996,444,457
Statutory Reserves	33	254,563,754	234,111,556
Fair Value Reserve of Financial Assets at FVOCI		2,078,929	-
Retained Earnings		2,722,160,413	2,544,091,636
Total Equity		4,975,247,553	4,774,647,649
Total Liabilities and Equity		31,948,839,154	30,263,016,931
Net Assets Per share		24.62	23.63
Commitments and Contingencies	37	18,165,065	16,370,000

The Notes on pages 176 through 256 form an integral part of these Financial Statements.

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




Eraj Fernando
Chief Financial Officer

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

Signed for on behalf of the board,



Jayanth Perera
Senior Independent
Non-Executive Director



Thushan Amarasuriya
Director/Chief Executive Officer

Colombo.
04th May 2023

STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to Equity Holders of the Company				Total
		Stated Capital	Reserve Fund	Fair Value Reserve of Financial Assets at FVOCI	Retained Earnings	
		Rs.	Rs.	Rs.	Rs.	
Balance as at 31st March 2021	32 , 33	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
Surcharge Tax	29.1	-	-		(53,015,894)	(53,015,894)
Adjusted Balance as at 1st April 2022	32 , 33	1,996,444,457	234,111,556	-	2,491,075,742	4,721,631,755
Total Comprehensive Income for the year						
Profit for the Year		-	-	-	409,043,966	409,043,966
Other Comprehensive Income		-	-	2,078,929	4,152,163	6,231,092
Total Comprehensive Income for the Year		-	-	2,078,929	413,196,129	415,275,058
Transactions with Owners, Recognized Directly in Equity						
Distribution to Owners of the Company						
Transferred to/(from) during the year	33	-	20,452,198	-	(20,452,198)	-
Dividends		-	-	-	(161,659,260)	(161,659,260)
Total Transactions with Equity Owners		-	20,452,198	-	(182,111,458)	(161,659,260)
Balance as at 31st March 2023		1,996,444,457	254,563,754	2,078,929	2,722,160,413	4,975,247,553

The Notes on pages 176 through 256 form an integral part of these Financial Statements.

CASH FLOW STATEMENT

For the Year Ended 31st March	Note	2023 Rs.	2022 Rs.
Cash Flows From Operating Activities			
Profit Before Tax		678,572,995	958,668,862
Adjustments For			
Non-Cash Items Included In Profit Before Income Tax			
Interest Income From Investing Activities		(483,441,140)	(89,445,593)
Interest Income From Placement with Banks		(444,960,436)	(21,095,163)
Finance Cost		4,420,658,428	1,883,006,971
Depreciation/Amortisation		245,118,385	188,692,951
Retirement Benefit Obligation	31.1	32,600,107	18,977,876
Allowances for Impairment Charges for Loan and Other Losses	9	(43,503,798)	412,726,480
(Gain)/Loss On Disposals Of Property, Plant and Equipment		(70,981)	2,892,149
Gain on modification of ROU Asset		(1,653,983)	-
Securitization Issue Cost		49,137,035	33,341,992
Debenture Issue Cost		4,178,597	4,544,511
Operating Profit Before Changes in Operating Assets And Liabilities		4,456,635,209	3,392,311,036
Changes in;			
Decrease in Lease Rentals Receivables		4,175,801,634	542,655,864
(Increase) / Decrease in Hire Debtors		2,368,882	(144,799)
Increase in Loans and Advances		(1,981,961,868)	(6,214,697,469)
(Increase) / Decrease in Other Debtors And Prepayments		(47,396,630)	14,295,906
Decrease in Due From Related Companies		-	418,491,945
Increase in Public Deposits		6,083,255,534	1,603,947,721
Increase / (Decrease) in Amounts Due to Related Companies		43,334,542	(383,445,339)
Increase / (Decrease) in Trade and Other Payables		(238,218,162)	71,581,288
Cash Flows from/ (Used in) Operations		12,493,819,141	(555,003,847)
Finance Costs Paid		(3,281,245,055)	(1,447,569,858)
Retiring Gratuity Paid	31	(5,045,509)	(5,110,685)
Gratuity Transfer	31	5,440,000	-
Income Tax Paid	29	(337,510,689)	(345,798,425)
Net Cash Generated from/ (Used in) Operating Activities		8,875,457,888	(2,353,482,815)
Cash Flows from / (Used in) Investing Activities			
Cash Flows from Investing Activities			
Acquisition of Property Plant & Equipment	22.4	(294,097,565)	(156,584,280)
Proceeds From Disposals of Property, Plant and Equipment		237,000	
Incurred on Software Development	21.1	(22,732,171)	(34,197,090)
Net Change in Investment Securities		(513,734,267)	(597,387,622)
Net Change in Bank Deposits		(1,214,129,041)	(115,671,228)
Interest Income Received		818,705,019	107,367,512
Net Cash Flows From/ (Used in) Investing Activities		(1,225,751,025)	(796,472,708)
Cash Flows From/ (Used in) Financing Activities			
Issue of Debenture	25.1.1	-	2,000,000,000
Proceeds from Securitization Loan	25.3	2,000,000,000	1,500,000,000
Loans Obtained During the Year from Banks	25.2	2,450,000,000	4,150,000,000
Lease Rentals Paid	26	(201,366,935)	(129,379,102)
Repayment of Bank Loans	25.2	(6,145,688,705)	(2,469,711,951)
Repayment of Securitization Loan	25.3	(3,268,661,755)	(2,191,244,887)
Securitization Loan Issue Cost		(30,401,658)	(30,594,675)
Dividends Paid		(160,052,296)	(160,648,908)
Net Cash Flows From/ (Used in) Financing Activities		(5,356,171,348)	2,668,420,477
Net increase/(decrease) in Cash And Cash Equivalents		2,293,535,515	(481,535,046)
Cash And Cash Equivalents At The beginning of the year		237,652,738	719,187,784
Cash And Cash Equivalents At The end of the year	15	2,531,188,253	237,652,738

The Notes on pages 176 through 256 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 2023 was 751 (818 as at 31st March 2022).

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. Further, tax liability arising from the Surcharge Tax Act Bo 14 of 2022 has been accounted as recommended by Statement of Alternative Treatment (SoAT) issued by Institute of Chartered Accountants of Sri Lanka as disclosed under note 29.1 : Income Tax liabilities, Surcharge Tax

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 Directors’ 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 Statements

The Financial Statements for the year ended 31st March 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 04th May 2023.

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 on the Company and is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continue to be prepared on a going concern basis.

1.2.9. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

1.2.10. Rounding

The amounts in the Financial Statements have been rounded off to the nearest Rupee, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 01 on "Presentation of Financial Statements".

1.2.11. Comparative Information

Comparative information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

1.2.12. Events After the Reporting Date

Events after the reporting date are those events, favourable and unfavourable, that occur between the Reporting date and the date when the Financial Statements are authorised for issue.

In this regard, all material and important events that occurred after the Reporting Period have been considered and appropriate disclosures are made in the Financial Statements where necessary.

1.2.13. Use of Judgments and Estimates

In preparing the Financial Statements of the Company in conformity with SLFRSs and LKASs the management has made judgments, estimates and assumptions which affect the application of Accounting Policies and the reported amounts of assets, liabilities, income and

NOTES TO THE FINANCIAL STATEMENTS

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

Note 37 - Commitments and Contingencies

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

Estimation uncertainty in preparation of financial statements

The 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.
- ⊙ 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 39 on pages 178 to 256 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 favorable and/ or unfavourable balances with banks.

4. New Accounting Standards Issued But Not Yet Effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. However, the Company has not early adopted the new and amended standards in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

4.1 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax Assets and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

4.2 Other standards

The following new and amended standards are not expected to have a significant impact on the financial statements.

- ⦿ Classification of Liabilities as Current or Non-current (Amendments to LKAS 1.1.C)
- ⦿ Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2).
- ⦿ Definition of Accounting Estimates (Amendments to LAKS 8).

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	2023 Rs.	2022 Rs.
5.1 Summary		
Gross Income	7,552,900,314	5,486,505,056
5.2 Analysis of Gross Income		
Interest Income (Note 6.1)	7,142,823,353	5,113,432,730
Fee and Commission Income (Note 7)	339,799,004	293,029,227
Other Operating Income (Note 8)	70,277,957	80,043,099
	7,552,900,314	5,486,505,056

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	2023 Rs.	2022 Rs.
Interest Income (Refer Note 6.1)	7,142,823,353	5,113,432,730
Interest Expense (Refer Note 6.2)	(4,528,450,674)	(1,946,514,213)
Net Interest Income	2,614,372,679	3,166,918,517

NOTES TO THE FINANCIAL STATEMENTS

6.1 Interest Income

For the Year Ended 31st March	2023 Rs.	2022 Rs.
Interest Income on Hire Purchase Receivables	-	145,665
Interest Income on Lease Receivables	2,068,593,694	2,796,654,827
Interest Income on Loans and Advances	3,504,292,356	1,648,697,800
Income on Financial Instruments at amortised cost	483,441,140	89,445,593
Interest Income on Placements with Banks	444,960,436	21,095,163
Interest Income on Inter Company Receivables	18,010,323	28,076,861
Interest on Over Due Rentals	623,525,404	529,316,821
	7,142,823,353	5,113,432,730

6.2 Interest Expense

For the Year Ended 31st March	2023 Rs.	2022 Rs.
Interest on Other Financial Liabilities Due to Customers	2,839,297,831	956,521,556
Interest on Bank Loans	409,806,883	211,895,518
Interest on Lease Liabilities - SLFRS 16	91,418,849	76,395,171
Interest on Inter Company Payables	6,223,812	15,831,814
Interest on Debentures	488,908,252	298,536,331
Securitization Issue Cost	49,137,035	33,341,992
Interest on Securitization Loans	595,405,209	344,202,906
Interest on Bank Overdrafts	48,252,803	9,788,925
	4,528,450,674	1,946,514,213

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	2023 Rs.	2022 Rs.
Service Charge Income	240,366,968	187,320,441
Commission Income	8,646,494	4,656,620
Reimbursement Fee Credit Cards	495,957	102,814
Insurance Commission Income	89,886,133	96,703,989
Suraksha Income	71,411	4,174,162
Other Credit and Debit Card Related Income	332,041	71,201
	339,799,004	293,029,227

8 Other Operating Income

For the Year Ended 31st March	2023 Rs.	2022 Rs.
Income from Foreign Exchange Operations	595,929	133,398
Gain on Translation of Foreign Currency	12,059,919	30,094,200
Unwinding Interest Income on Employee Loans	10,382,345	18,931,763
Gain /(Loss) on disposal of Property, Plant and Equipment	70,981	(2,892,149)
Gain on modification of ROU Asset	1,653,983	-
Loan Loss Recoveries	8,327,388	16,965,849
Credit Income	4,714,589	2,030,200
Income on Closure	565,539	436,719
Other Income	31,907,284	14,343,119
	70,277,957	80,043,099

9 Impairment Charge for Receivables and Other Losses**Accounting Policy**

The Company recognizes loss allowances for Economic Credit Losses (ECL) on the following financial instruments that are not measured at Fair value through profit and loss (FVTPL):

- financial assets that are debt instruments
- finance lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Measurement of ECL

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

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

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

Probability of Default (PD)

PD estimates are estimates at a certain date, which are calculated based on statistical models, and assessed using various categories based on homogeneous characteristics of exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. The Company forecast PD by incorporating forward looking economic variables (unemployment, GDP growth, inflation, interest rate, Credit growth, Sector NPL ratio, and using lag effect of these variables).

Loss Given Default (LGD)

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties.

Exposure at default (EAD)

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount.

The Company has used these parameters from internally– developed statistical models using historical data. All inputs were adjusted to reflect forward-looking information and future economic scenarios.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

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 120 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.

NOTES TO THE FINANCIAL STATEMENTS

- ⦿ The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- ⦿ The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position.

Loss allowances for ECL are presented in the statement of financial position as follows:

- ⦿ financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets;
- ⦿ loan commitments and financial guarantee contracts: generally, as a provision;
- ⦿ where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- ⦿ debt instruments measured at FVOCI.-no loss allowance is recognised in the statement of financial position because the carrying amount of these assets 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	2023 Rs.	2022 Rs.
Impairment (Reversals) / Charges on Hire Purchase Receivable (Note 17.1.2)	(2,368,580)	144,799
Impairment (Reversals) / Charges on Lease Receivable (Note 17.2.4)	(109,116,581)	223,068,407
Impairment Charges on Loans and Advances (Note 17.3.4)	67,981,363	189,513,274
	(43,503,798)	412,726,480

10 Profit from ordinary activities before Tax on Financial Services and Tax Stated after charging all expenses including the following:

For the Year Ended 31st March	2023 Rs.	2022 Rs.
Auditors' Remuneration - Statutory Audit	1,420,000	1,290,000
- Audit Related Services	1,952,512	969,084
- Non-Audit Services	1,127,068	1,531,650
Amortization of Intangible Assets	11,803,413	9,152,718
Depreciation of Property Plant and Equipment	114,482,038	81,840,849
Depreciation of Right-Of-Use Assets	118,832,934	97,699,385
Legal Expense	1,850,000	6,510,000
Personnel Expenses (Note 10.1)	924,501,537	847,223,030
Operating Lease Rentals	10,865,060	12,382,538
Deposit Insurance Expense	23,287,865	17,063,897

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	2023 Rs.	2022 Rs.
Salaries and Other Staff Related Expenses	785,574,529	734,612,230
Directors' Remuneration	25,367,532	22,855,367
Defined Benefit Plan Costs -Retiring Gratuity (Note 31.1)	32,600,107	18,977,876
Defined Contribution Plan Costs - MSPS and ETF	80,959,369	70,777,557
	924,501,537	847,223,030

NOTES TO THE FINANCIAL STATEMENTS

11 Tax on Financial Services

Accounting Policy

Tax on Financial Services include Tax on Financial Services, Nation Building Tax on Financial Services, and Social Security Contribution Levy.

Value Added Tax on Financial Services (VAT)

The value base for the computation of value added tax on financial services is calculated by adjusting the depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before Income Tax and emoluments payable. Emoluments payable include cash benefits, non-cash benefits and provisions relating to terminal benefits

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

Social Security Contribution Levy (SSCL)

Social Security Contribution Levy came into effect from 1st October 2022. The base of the Calculation of Social Security Contribution Levy is the value addition attributable to financial services which includes operating profit before taxes on financial services adjusted for emoluments of employees and economic depreciation. SSCL rate applied during 2022/23 was 2.5%.

For the Year Ended 31st March	2023 Rs.	2022 Rs.
Value Added Tax (VAT)	290,001,810	287,570,371
Nation Building Tax (NBT)	(708,891)	-
Social Security Contribution Levy (SSCL)	27,419,826	-
	316,712,745	287,570,371

12 Income Tax Expense

Accounting Policy

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement, except to the extent it relates to items recognised directly in Equity or in OCI

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets

Current Taxation

'Current tax' comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted, at the Reporting date.

Accordingly, provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

Notes to Financial Statements include the major components of tax expense, the effective tax rates and a reconciliation between the profit before tax and tax expense, as required by the Sri Lanka Accounting Standard – LKAS 12 on 'Income Taxes'.

The Company estimates and provides for potential losses and settlements that arise out of uncertain income tax positions to the extent that such losses are probable and can be estimated.

Deferred Taxation

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

Effect of changes in tax rate in current year

The Inland Revenue (Amendment) Act No 45 of 2022 was certified by the Speaker on 19th December 2022. The standard rate of income tax has been increased to 30% from 24% w.e.f. 1st October 2022. The increase in income tax rate to 30% in mid-year has resulted in two tax rates being applicable for the Year of Assessment 2022/23. The Company has computed the current tax payable on a pro rata basis for the Year of Assessment 2022/23.

Treatment of impairment charges

As per Part I : Sec. (I) of the Gazette notification issued on 25th October 2022 under sub section (2) and (3) of section 66 of the Inland revenue Act, No. 24 of 2017, the impairment charges of Stage 3 credit facilities classified as per Sri Lanka Accounting Standards (SLFRS 9) have been considered as an allowable deduction (after adjusting for specifications given under section 1 of schedule 1 of the said Gazette notification).

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March	2023 Rs.	2022 Rs.
Current Income Tax Expense (Note 12.2)	306,025,823	409,953,852
Deferred Tax Reversal (Note 30.1)	(36,496,794)	(72,425,159)
Income Tax Charge for The Year (Note 12.1)	269,529,029	337,528,693

12.1 Reconciliation between income tax expenses and the accounting profit.

Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue No. 24 of 2017 and the amendments thereto at the schedule specified below,

For the Year Ended 31st March	2023 Rs.	2022 Rs.
Accounting Profit Before tax	678,572,995	958,668,862
Tax expenses as per accounting profit (24%)	81,428,759	230,080,527
Tax expenses as per accounting profit (30%)	101,785,949	-
Adjustments		
Tax effect of Capital Portion of Lease Rentals	31,420,899	33,795,245
Tax effect of Disallowed Expenses	188,317,787	242,514,322
Tax effect of Deductible Expenses	(96,963,571)	(96,469,842)
Tax on Dividend	36,000	33,600
Tax on Business Profit (based on taxable profit)	306,025,823	409,953,852
Deferred Tax Reversal (Note 30.1)	(36,496,794)	(72,425,159)
Income tax expenses reported in the statement of comprehensive income at the effective tax rate	269,529,029	337,528,693

12.2 Reconciliation between Tax Expense and the Accounting Profit based on the Statutory Tax Rate

For the Year Ended 31st March 2023	Leasing Business Rs.	Other Business Rs.	Total Rs.
Accounting Profit Before Tax	227,618,206	450,954,789	678,572,995
Adjustments			
Dis-allowable Expenses	345,781,765	468,065,219	813,846,984
Allowable Expenses	(115,071,677)	(243,812,661)	(358,884,338)
Total Statutory Income	458,328,294	675,207,347	1,133,535,641
Less : Qualifying Payments	-	-	-
Total Taxable Income	458,328,294	675,207,347	1,133,535,641
Profits from Dividend	-	240,000	240,000
Balance Taxable Income	458,328,294	674,967,347	1,133,295,641
Income tax rate (%)			
For Profits From Dividend	-	15	15
For Balance Taxable Income- from 01st April 2022 to 30th September 2022	24	24	24
For Balance Taxable Income- w.e.f. 01st October 2022	30	30	30
Tax on Profits from Dividend	-	36,000	36,000
Tax on Balance Taxable Income- from 01st April 2022 to 30th September 2022	54,999,395	80,996,082	135,995,477
Tax on Balance Taxable Income- w.e.f. 01st October 2022	68,749,244	101,245,102	169,994,346
Effective Tax Rate (Excluded Deferred Tax) (%)	54.37	40.42	45.10
Effective Tax Rate (Included Deferred Tax) (%)			39.72
Income Tax (Note 12)	123,748,639	182,277,184	306,025,823

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March 2022	Leasing Business Rs.	Other Business Rs.	Total Rs.
Accounting Profit Before Tax	569,624,783	389,044,079	958,668,862
Adjustments			
Dis-allowable 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	-	-	-
Total Taxable Income	1,102,239,464	606,001,584	1,708,241,048
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	264,537,471	145,382,781	409,920,252
Effective Tax Rate (Excluded Deferred Tax) (%)	46.44	37.38	42.76
Effective Tax Rate (Included Deferred Tax) (%)			35.21
Income Tax (Note 12)	264,537,471	145,416,381	409,953,852

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	2023 Rs.	2022 Rs.
Amount Used as the Numerator		
Profit Attributable to Equity Holders of the Company (Rs.)	409,043,966	621,140,169
Amount Used as the Denominator		
Weighted Average Number of Ordinary Shares in issue (Note 13.1)	202,074,075	202,074,075
Basic Earnings per Share (Rs.)	2.02	3.07

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 2023 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 FVTP:

- ⊙ 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	<p>These assets are subsequently measured at amortised cost using the effective interest method.</p> <p>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.</p>
Equity investments at FVOCI	<p>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.</p>

IV) Derecognition

Financial Assets

The Company derecognizes a financial assets when the contractual right to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of the ownership of the financial assets and transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that have been recognized in OCI is recognized in profit or loss.

The Company enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset or a portion of them in such cases the transferred assets are not derecognized.

When the assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale – and – repurchase transaction, because the company retains all the old or substantially all of the risks and rewards of ownership of such assets.

In transaction in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the assets, the Company continues to recognize its assets to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Company retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or a liability is 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

V) Modifications of Financial Assets and Liabilities

Financial Assets

If the terms of the financial assets are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different then the contractual right to cash flows from the original financial assets are deemed to have expired. In this case, the original financial asset is derecognized and new financial asset is recognized at fair value plus any eligible transaction cost. Any fees received as a part of the modification are accounted for as follows:

- ⊙ fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction cost are included in the initial measurement of the assets; and
- ⊙ other fees are included in profit or loss as part of the gain or the loss on derecognition.

If the cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts result of the qualitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the result in adjustment as a modification gain or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any cost or fee incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining terms of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower then the gain or the loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

During the year, the Company has granted moratorium facilities to some customers as per the guidance of the Central Bank of Sri Lanka. Accordingly, the respective financial assets have been assessed for contract modification to incorporate the changes to the repayment terms of the moratorium customers.

There were no contracts modification during the financial year. Further, no contracts were transferred from lifetime expected credit loss to 12-month expected credit loss subsequent to the modifications.

Financial Liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities the effect, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any 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.

v) 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 2023	Note	Amortised Cost	Fair Value Through OCI	Other Financial Liabilities	Total	Fair Value	Fair Value Measurement Level
		Rs.	Rs.	Rs.	Rs.	Rs.	
Financial Assets							
Cash and Cash Equivalents	15.1	2,535,435,379	-	-	2,535,435,379	-	-
Placement with Banks	16	1,413,997,184	-	-	1,413,997,184	-	-
Financial Assets at amortised cost-Hire Purchase Receivables Assets	17.1	-	-	-	-	-	-
Financial Assets at amortised cost-Finance Lease Receivables Assets	17.2	8,887,363,654	-	-	8,887,363,654	-	-
Financial Assets at amortised cost-Loans and Advances Assets	17.3	15,309,935,418	-	-	15,309,935,418	-	-
Financial Assets measured at fair value through Other Comprehensive Income	18	-	2,120,229	-	2,120,229	2,120,229	Level 3
Financial Assets at amortised cost-Debt and Other Financial Instruments	19	2,013,991,655	2,036,484,836	-	2,036,484,836	2,036,484,836	Level 2
Loans to employees	20.1	77,234,459	-	-	77,234,459	-	-
Total Financial Assets		30,237,957,749	2,038,605,065	-	30,262,571,159	2,038,605,065	-
Financial Liabilities							
Other Financial Liabilities Due to Customers	24	-	-	19,195,604,231	19,195,604,231	-	-
Debentures	25.1	-	-	3,453,828,434	3,453,828,434	-	-
Bank Loans	25.2	-	-	539,847,048	539,847,048	-	-
Securitization Loans	25.3	-	-	2,073,690,611	2,073,690,611	-	-
Due to Related Companies	28.1	-	-	115,795,362	115,795,362	-	-
Lease Liabilities	26	-	-	757,644,503	757,644,503	-	-
Bank Overdrafts	15.2	-	-	4,247,126	4,247,126	-	-
Trade Payables	27	-	-	17,427,757	17,427,757	-	-
Total Financial Liabilities		-	-	26,158,085,072	26,158,085,072	-	-

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2022	Note	Amortised Cost	Fair Value Through OCI	Other Financial Liabilities	Total	Fair Value	Fair Value Measurement Level
		Rs.	Rs.	Rs.	Rs.	Rs.	
Financial Assets							
Cash and Cash Equivalents	15.1	837,561,672	-	-	837,561,672	-	-
Placement with Banks	16	177,449,769	-	-	177,449,769	-	-
Financial Assets at amortised cost-Hire Purchase							
Receivables Assets	17.1	-	-	-	-	-	-
Financial Assets at amortised cost-Finance							
Lease Receivables Assets	17.2	12,954,049,012	-	-	12,954,049,012	-	-
Financial Assets at amortised cost-Loans and Advances Assets							
Advances Assets	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							
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	-	-
Total Financial Assets		28,862,082,486	41,300	-	28,862,123,786	1,412,455,615	-
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	28.1	-	-	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	-	-

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.

Net assets of the investment is considered as the fair value of unquoted equity shares (Financial assets measured of fair value through other comprehensive income) due to the absence of most recent exist prices.

14.2 Fair value measurement

Accounting Policy

'Fair Value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of the instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transaction for the asset or liability taken place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments - e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure - are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

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

NOTES TO THE FINANCIAL STATEMENTS

14.3 Fair Values of Financial Instruments

The following table shows an analysis of assets and liabilities recorded at fair value by level of fair value hierarchy. The amounts are based on the values recognised in the statement of financial position.

Net assets value per share (2022/23 - Rs. 21,202) of the investment is considered as the fair value of unquoted equity shares.

As at 31st March 2023	Notes	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets measured at Fair Value through Other Comprehensive Income	18	-	-	2,120,229	2,120,229
		-	-	2,120,229	2,120,229
<hr/>					
As at 31st March 2022					
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 2023		Carrying	Fair	Level 1	Level 2	Level 3
	Note	Value	Value			
		Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets						
Cash and Cash Equivalents	15.1	2,535,435,379	2,535,435,379	-	-	-
Placement with Banks		1,413,997,184	1,413,997,184	-	-	-
Financial Assets at amortised cost-Hire Purchase Receivables	17.1	-	-	-	-	-
Financial Assets at amortised cost-Finance Lease Receivables	17.2	8,887,363,654	8,887,363,654	-	-	-
Financial Assets at amortised cost-Loans and Advances	17.3	15,309,935,418	15,309,935,418	-	-	-
Financial Assets at amortised cost-Debt and Other Financial Instruments	19	2,013,991,655	2,036,484,836	-	2,013,991,655	-
Loans to employees	20.1	77,234,459	77,234,459	-	-	-
		30,237,957,749	30,260,450,930	-	2,013,991,655	-
Financial Liabilities						
Financial Liabilities at amortised cost-Due to Customers	24	19,195,604,231	19,195,604,231	-	19,195,604,231	-
Debentures	25.1	3,453,828,434	3,453,828,434	-	3,453,828,434	-
Bank Loans	25.2	539,847,048	539,847,048	-	539,847,048	-
Securitization Loans	25.3	2,073,690,611	2,073,690,611		2,073,690,611	-
Due to Related Companies	28.1	115,795,362	115,795,362	-	-	-
Lease Liabilities	26	757,644,503	757,644,503	-	-	-
Bank Overdrafts	15.2	4,247,126	4,247,126	-	-	-
Trade Payables	27	17,427,757	17,427,757	-	-	-
		26,158,085,072	26,158,085,072	-	25,262,970,324	-

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2022		Carrying Value	Fair Value	Fair Value		
	Note	Rs.	Rs.	Level 1	Level 2	Level 3
				Rs.	Rs.	Rs.
Financial Assets						
Cash and Cash Equivalents	15.1	837,561,672	837,561,672	-	-	-
Placement 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	-	-	-
		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	28.1	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	-

15 Cash and Cash Equivalents**Accounting Policy**

Cash and cash equivalents comprise of cash in hand and cash at bank and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to an insignificant risk of changes in their fair value

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

15.1 Favorable Cash and Cash Equivalent Balances

As at 31st March	2023 Rs.	2022 Rs.
Cash in Hand	255,139,436	124,837,699
Cheques In Hand	103,195,627	50,363,730
Cash at Banks in Local Currency	2,145,517,705	570,336,066
Cash at Banks in Foreign Currency	31,582,611	92,024,177
	2,535,435,379	837,561,672

15.2 Unfavorable Cash and Cash Equivalent Balances

Bank Overdrafts	(4,247,126)	(599,908,934)
Net Cash and Cash Equivalents for the purpose of Cash Flow Statement	2,531,188,253	237,652,738

16 Placements with Banks

Investment in Fixed Deposit	1,413,997,184	177,449,769
	1,413,997,184	177,449,769

16.1 Investment in Fixed Deposits- Counterparty External Credit Ratings

Counterparty External Credit Rating*		
A+	-	101,927,928
A-	1,413,997,184	-
BBB-	-	75,521,841
	1,413,997,184	177,449,769

17 Financial assets at amortised cost - Loans and Receivables from Customers**17.1 Hire Purchase Receivables**

Rentals Receivable	2,070,611	3,955,800
Other Charges Receivable	1,065,355	1,548,746
Gross Receivables	3,135,966	5,504,546
Allowance for Impairment on Hire Purchase Receivables (Note 17.1.2)	(3,135,966)	(5,504,546)
Net Receivables	-	-

NOTES TO THE FINANCIAL STATEMENTS

17.1.1 Hire Purchase Rentals Receivable within One Year from Reporting Date

As at 31st March	2023 Rs.	2022 Rs.
Rentals Receivable within One Year	2,070,611	3,955,800
Other Charges Receivable within One Year	1,065,355	1,548,746
Net Receivables within One Year	3,135,966	5,504,546
Gross Receivables	3,135,966	5,504,546

17.1.2 Movement in Allowance for Impairment Losses for Hire Purchase Receivables

Balance as at beginning of the Year	5,504,546	5,359,747
Charge/ (Reversal) for the Year	(2,368,580)	144,799
Balance as at end of the Year	3,135,966	5,504,546

17.2 Finance Lease Receivables

Rentals Receivable	11,628,368,227	17,539,758,820
Other Charges Receivable	170,509,987	142,736,549
Unearned Interest Income	(2,204,074,262)	(3,891,641,551)
Gross Receivables	9,594,803,952	13,790,853,818
Allowance for Impairment for on Lease Rentals Receivable (Note 17.2.4)	(707,440,298)	(836,804,806)
Net Receivables	8,887,363,654	12,954,049,012

17.2.1 Lease Rentals Receivables within One Year from Reporting Date

Rentals Receivables within One Year	5,630,940,259	7,115,386,414
Other Charges Receivables within One Year	170,509,987	142,736,549
Unearned Interest Income	(1,210,867,072)	(2,030,062,577)
Gross Receivables within One Year	4,590,583,174	5,228,060,386

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	5,997,427,968	10,414,208,796
Unearned Interest Income	(993,207,190)	(1,861,226,564)
Gross Receivables after One Year but before Five Years	5,004,220,778	8,552,982,232

17.2.3 Lease Rentals Receivables after Five Years from Reporting Date

Rentals Receivable after Five Years	-	10,163,610
Unearned Interest Income	-	(352,410)
Gross Receivables after Five Years	-	9,811,200
Gross Receivables	9,594,803,952	13,790,853,818

17.2.4 Movement in Allowance for Impairment Losses for Lease Rentals Receivable

As at 31st March	2023	2022
	Rs.	Rs.
Balance as at beginning of the Year	836,804,806	624,892,835
Charge/(Reversal) for the Year	(109,116,581)	223,068,407
Written off during the Year	(20,247,927)	(11,156,436)
Balance as at end of the Year	707,440,298	836,804,806

Lease with the contractual amount of Rs.20,247,927 written off during the year ended 31 March 2023 are being considered for enforcement activities.

As at 31st March	2023	2022
	Rs.	Rs.
17.3 Loans and Advances		
Loans and Advances	15,848,115,637	14,865,254,638
Other Charges Receivable	41,744,922	40,381,000
Unearned Interest Income	(805,752,019)	(1,138,170,309)
Receivables on Loans against Fixed Deposits	934,233,584	299,420,157
Gross Receivables	16,018,342,124	14,066,885,486
Allowance for Impairment on Loans and Advances (Note 17.3.4)	(708,406,706)	(670,930,573)
Net Receivables	15,309,935,418	13,395,954,913
17.3.1 Loans and Advances Receivable within One Year from Reporting Date		
Loans and Advances Receivable within One Year	13,426,720,533	11,407,153,328
Other Charges Receivable within One Year	41,744,922	40,381,000
Receivables on Loans against Fixed Deposits	934,233,584	299,420,157
Unearned Interest Income	(449,411,035)	(553,663,100)
Gross Receivables	13,953,288,004	11,193,291,385
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	2,418,909,998	3,449,722,864
Unearned Interest Income	(356,270,519)	(584,074,860)
Gross Receivables after One Year but before Five Years	2,062,639,479	2,865,648,004
17.3.3 Loans and Advances Receivable after Five Years from Reporting Date		
Loans and Advances Receivable after Five Years	2,485,106	8,378,446
Unearned Interest Income	(70,465)	(432,349)
Gross Receivables after Five Years	2,414,641	7,946,097
Gross Receivables	16,018,342,124	14,066,885,486

NOTES TO THE FINANCIAL STATEMENTS

17.3.4 Movement in Allowance for Impairment for Loans and Advances

As at 31st March	2023 Rs.	2022 Rs.
Balance as at beginning of the Year	670,930,573	551,415,880
Charge for the Year	67,981,363	189,513,274
Written off during the Year	(30,505,230)	(69,998,581)
Balance as at end of the Year	708,406,706	670,930,573

Loans and advances with the contractual amount of Rs.30,505,230 written off during the year ended 31 March 2023 are being considered for enforcement activities.

As at 31st March	2023 Rs.	2022 Rs.
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17.4 Allowance for Impairment

17.4.1 Movement in Allowance for Impairment

Balance as at beginning of the Year	1,513,239,925	1,181,668,462
Charge/(Reversal) for the Year	(43,503,798)	412,726,480
Written off during the Year	(50,753,157)	(81,155,017)
Balance as at end of the Year	1,418,982,970	1,513,239,925

17.4.2 Allowance for Impairment consist of Provisioning Against

Hire Purchase Receivables (Note 17.1.2)	3,135,966	5,504,546
Lease Receivables (Note 17.2.4)	707,440,298	836,804,806
Loans and Advances (Note 17.3.4)	708,406,706	670,930,573
	1,418,982,970	1,513,239,925

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 2023	Individual Rs	Collective Rs.	Total Rs.
Financial assets at amortised cost-Hire Purchase Receivables			
Stage 1	-	-	-
Stage 2	-	-	-
Stage 3	(2,355,179)	(13,401)	(2,368,580)
	(2,355,179)	(13,401)	(2,368,580)
Financial assets at amortised cost-Finance Lease Receivables			
Stage 1	-	43,865,736	43,865,736
Stage 2	-	(82,232,508)	(82,232,508)
Stage 3	(59,364,987)	(11,384,822)	(70,749,809)
	(59,364,987)	(49,751,594)	(109,116,581)

As at 31st March 2023	Individual Rs	Collective Rs.	Total Rs.
Financial assets at amortised cost-Loans and Advances			
Stage 1	-	30,758,125	30,758,125
Stage 2	-	(12,929,577)	(12,929,577)
Stage 3	28,450,485	21,702,330	50,152,815
	28,450,485	39,530,878	67,981,363
Financial assets at amortised cost -Total			
Stage 1	-	74,623,861	74,623,861
Stage 2	-	(95,162,085)	(95,162,085)
Stage 3	(33,269,681)	10,304,107	(22,965,574)
	(33,269,681)	(10,234,117)	(43,503,798)
As at 31st March 2022			
	Individual Rs	Collective Rs.	Total 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

NOTES TO THE FINANCIAL STATEMENTS

17.4.4 Movement in Impairment during the year

As at 31st March	2023 Rs.	2022 Rs.
Stage 1		
Balance as at the beginning of the year	152,890,020	63,814,696
Net impairment charge for the year	74,623,861	89,075,324
Balance as at end of the Year	227,513,881	152,890,020
Stage 2		
Balance as at the beginning of the year	227,702,584	182,558,220
Net impairment charge for the year	(95,162,085)	45,144,364
Balance as at end of the Year	132,540,499	227,702,584
Stage 3		
Balance as at the beginning of the year	1,132,647,321	935,295,546
Net impairment charge for the year	(22,965,574)	278,506,792
Written off during the year	(50,753,157)	(81,155,017)
Balance as at end of the Year	1,058,928,590	1,132,647,321
Total		
Balance as at the beginning of the year	1,513,239,925	1,181,668,462
Net impairment charge for the year	(43,503,798)	412,726,480
Written off during the year	(50,753,157)	(81,155,017)
Balance as at end of the Year	1,418,982,970	1,513,239,925

17.4.5 Breakdown of Gross Loans and Provision

Stage 1		
Net Receivables	18,546,143,640	22,636,144,734
Impairment Allowance	227,513,881	152,890,020
Gross Receivables	18,773,657,521	22,789,034,754
Stage 2		
Net Receivables	3,658,168,465	2,994,237,119
Impairment Allowance	132,540,499	227,702,584
Gross Receivables	3,790,708,964	3,221,939,703
Stage 3		
Net Receivables	1,992,986,967	719,622,072
Impairment Allowance	1,058,928,590	1,132,647,321
Gross Receivables	3,051,915,557	1,852,269,393
Total		
Net Receivables	24,197,299,072	26,350,003,925
Impairment Allowance	1,418,982,970	1,513,239,925
Gross Receivables	25,616,282,043	27,863,243,850

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 2023	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	152,890,020	227,702,584	1,132,647,321	1,513,239,925
Transferred from 12 months ECL	(27,215,579)	19,195,769	8,019,810	-
Transferred from Lifetime ECL not Credit - impaired	60,415,203	(110,720,372)	50,305,169	-
Transferred from Lifetime ECL Credit - impaired	62,571,318	49,724,026	(112,295,344)	-
New Assets Originated	47,775,124	12,485,416	78,812,534	139,073,074
Financial Assets Derecognized	(39,274,192)	(60,857,086)	(244,758,791)	(344,890,069)
Write Offs	-	-	(50,753,157)	(50,753,157)
Net remeasurement Loss Allowance	(29,648,013)	(4,989,838)	196,951,048	162,313,197
Balance as at end of the Year	227,513,881	132,540,499	1,058,928,590	1,418,982,970
Financial Assets at amortised cost - Hire Purchase Receivables				
Balance as at the beginning of the year	302	-	5,504,244	5,504,546
Transferred from 12 months ECL	(302)	-	302	-
Transferred from Lifetime ECL not Credit - impaired	-	-	-	-
Transferred from Lifetime ECL Credit - impaired	-	-	-	-
New Assets Originated	-	-	-	-
Financial Assets Derecognized	-	-	(2,486,810)	(2,486,810)
Write Offs	-	-	-	-
Net remeasurement Loss Allowance	-	-	118,230	118,230
Balance as at end of the Year	-	-	3,135,966	3,135,966

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2023	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 - Finance Lease Receivables	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the year	79,873,800	176,080,512	580,850,494	836,804,806
Transferred from 12 months ECL	(17,701,860)	13,527,406	4,174,454	-
Transferred from Lifetime ECL not Credit - impaired	50,684,877	(90,891,622)	40,206,745	-
Transferred from Lifetime ECL Credit - impaired	57,810,511	41,562,876	(99,373,387)	-
New Assets Originated	10,976,708	3,041,443	18,902,648	32,920,799
Financial Assets Derecognized	(8,213,356)	(38,787,456)	(125,679,147)	(172,679,959)
Write Offs	-	-	(20,247,927)	(20,247,927)
Net remeasurement Loss Allowance	(49,690,842)	(10,685,155)	91,018,576	30,642,579
Balance as at end of the Year	123,739,838	93,848,004	489,852,456	707,440,298
Financial Assets at amortised cost - Loans and Advances				
Balance as at the beginning of the year	73,015,918	51,622,072	546,292,583	670,930,573
Transferred from 12 months ECL	(9,513,417)	5,668,362	3,845,055	-
Transferred from Lifetime ECL not Credit - impaired	9,730,326	(19,828,750)	10,098,424	-
Transferred from Lifetime ECL Credit - impaired	4,760,807	8,161,150	(12,921,957)	-
New Assets Originated	36,798,415	9,443,974	59,909,886	106,152,275
Financial Assets Derecognized	(31,060,835)	(22,069,630)	(116,592,834)	(169,723,299)
Write Offs	-	-	(30,505,230)	(30,505,230)
Net remeasurement Loss Allowance	20,042,829	5,695,316	105,814,242	131,552,387
Balance as at end of the Year	103,774,043	38,692,494	565,940,169	708,406,706

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 Receivable				
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

NOTES TO THE FINANCIAL STATEMENTS

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 - 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
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

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	2023		2022	
	Rs.	%	Rs.	%
Agriculture	2,634,764,182	10.8	1,685,636,141	6.4
Tourism	197,085,119	0.8	187,921,864	0.7
Transport	8,437,048,207	34.9	13,736,763,047	52.1
Construction	820,980,941	3.4	649,492,563	2.5
Services	4,688,372,066	19.5	4,332,266,314	16.4
Individual	7,419,048,557	30.6	5,757,923,996	21.9
	24,197,299,072	100.0	26,350,003,925	100.0

18 Financial assets measured at fair value through other comprehensive income**Accounting Policy**

The Company designated the investments as equity securities at FVOCI because these equity securities represents that the Company intended to hold for the long term for strategic purposes.

No Strategic investments were disposed during 2022/2023 financial year.

As at 31st March	No. of Ordinary Shares	2023 Fair Value of the Investment Rs.	2022 Fair Value of the Investment Rs.
Unquoted Shares			
Credit Information Bureau of Sri Lanka	100	2,120,229	41,300

19 Financial assets at amortised cost-Debt and other financial instruments**Accounting Policy**

Financial assets at amortised cost-Debt and other financial instruments comprise of treasury bills. These investments are initially recognised at fair value net of transactions cost. Subsequently, they are stated at amortised cost; any difference between the proceeds (net of transaction cost) and the receivable amount (including interest income) is recognised in the Income Statement over the period of the assets using the effective interest method.

As at 31st March	2023 Rs.	2022 Rs.
Investment in Treasury Bills	2,013,991,655	1,412,979,204
	2,013,991,655	1,412,979,204
20 Other Debtors and Prepayments		
Loans to Employees (Note 20.1)	77,234,459	84,087,916
Prepayments and Advances	150,436,574	119,258,982
Other Receivables	66,233,760	43,161,262
	293,904,793	246,508,160

NOTES TO THE FINANCIAL STATEMENTS

20.1 Loans to Employees

As at 31st March	2023 Rs.	2022 Rs.
Balance as at beginning of the Year	84,087,916	94,711,631
Loans granted during the year	65,245,601	48,894,996
Loan recoveries during the Year	(66,309,534)	(56,265,230)
Provision for Impairment (Note 20.2)	(5,789,524)	(3,253,481)
Balance as at end of the Year	77,234,459	84,087,916
Due within one Year	19,806,097	25,152,611
Due after one Year	57,428,362	58,935,305
	77,234,459	84,087,916

20.2 Movement in Provision for Impairment

Balance as at beginning of the Year	3,253,481	1,916,896
Charge for the Year	2,536,043	1,336,585
Balance as at end of the Year	5,789,524	3,253,481

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.

21.1 Cost

As at 31st March	2023 Rs.	2022 Rs.
Balance as at Beginning of the Year	170,621,624	136,424,534
Additions during the Year	22,732,171	34,197,090
Balance as at 31st March	193,353,795	170,621,624

21.2 Accumulated Amortization

Balance as at Beginning of the Year	(101,163,087)	(92,010,370)
Amortization During the Year	(11,803,413)	(9,152,717)
Balance as at 31st March	(112,966,500)	(101,163,087)

21.3 Carrying Amount

Total Carrying Amount of EDP Software	80,387,295	69,458,537
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21.4 During the financial year, the Company acquired Software to the aggregated value of Rs. 22,732,172 (2021/22 - Rs. 34,197,090).

21.5 EDP Software included in fully amortized and impaired assets having cost amounting to Rs. 67,493,313 (2021/22 - Rs. 65,045,763).

22 Property, Plant and Equipment**Accounting Policy**

The Company applies the requirements of the Sri Lanka Accounting Standard – LKAS 16 on ‘Property, Plant & Equipment’ in accounting for its owned assets which are held for and use in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year.

Basis of recognition and measurement

Property, Plant & Equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be reliably measured.

The Company applies the Cost Model to all Property, Plant & Equipment and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

An item of Property, Plant & Equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day-to-day servicing). The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software which is integral to the functionality of the related equipment is capitalised as part of Computer Equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Accounting Policy

Subsequent cost

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated to write-off the cost of items of Property, Plant & Equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and comparative years are as follows:

Motor Vehicle 7 years

Furniture & Fittings 10 years

Equipment 10 years

EDP Equipment 5 years

EDP Server 7 years

Improvements on Leasehold Premises

Head Office 5 years

Branches 7 years

The depreciation rates are determined separately for each significant part of an item of Property, Plant & Equipment and commence to depreciate when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is de-recognised.

Change in Depreciation Rate

Depreciation methods, useful lives and residual values are reassessed at each Reporting date and adjusted, if required

De-recognition

An item of Property, Plant & Equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is recognised in 'Other Operating Income' in profit or loss in the year the asset is de-recognised. When replacement costs are recognised in the carrying amount of an item of Property, Plant & Equipment, the remaining carrying amount of the replaced part is de-recognised as required by Sri Lanka Accounting Standard – LKAS 16 on 'Property, Plant & Equipment'.

Capital Work-in-Progress

These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation. These are stated in the Statement of Financial Position at cost.

22.1 Cost

	Balance as at 1st April 2021 Rs.	Additions and Transfers Rs.	Disposals Rs.	Balance as at 1st April 2022 Rs.	Additions and Transfers Rs.	Disposals Rs.	Balance as at 31st March 2023 Rs.
Improvement on Leasehold Premises	317,145,295	86,529,176	(8,698,836)	394,975,635	159,474,427	(4,408,124)	550,041,938
Equipment	128,352,846	36,425,127	(811,727)	163,966,246	71,949,623	(841,786)	235,074,083
EDP Equipment	119,610,507	40,007,405	(121,871)	159,496,041	43,428,965	(661,583)	202,263,423
Motor Vehicles	-	-	-	-	245,000	-	245,000
Furniture and Fittings	58,814,580	16,549,975	(84,444)	75,280,111	18,999,550	(1,297,437)	92,982,224
	623,923,228	179,511,683	(9,716,878)	793,718,033	294,097,565	(7,208,930)	1,080,606,668

22.2 Accumulated Depreciation

	Balance as at 1st April 2021 Rs.	Depreciation Charge for the year Rs.	Disposals Rs.	Balance as at 1st April 2022 Rs.	Depreciation Charge for the year Rs.	Disposals Rs.	Balance as at 31st March 2023 Rs.
Improvement on Leasehold Premises	(142,499,430)	(44,059,843)	6,118,722	(180,440,551)	(61,989,994)	4,334,671	(238,095,874)
Equipment	(36,524,668)	(14,102,883)	519,805	(50,107,746)	(20,082,966)	751,270	(69,439,442)
EDP Equipment	(71,450,120)	(18,072,007)	121,871	(89,400,256)	(24,650,515)	659,533	(113,391,238)
Motor Vehicles	-	-	-	-	(8,753)	-	(8,753)
Furniture and Fittings	(23,774,886)	(5,606,116)	64,332	(29,316,670)	(7,749,810)	1,297,437	(35,769,043)
	(274,249,104)	(81,840,849)	6,824,730	(349,265,223)	(114,482,038)	7,042,911	(456,704,350)

	Balance as at 1st April 2021 Rs.	Additions Rs.	Transfers Rs.	Balance as at 1st April 2022 Rs.	Additions Rs.	Transfers Rs.	Balance as at 31st March 2023 Rs.
Capital Work in Progress	22,927,403	-	(22,927,403)	-	-	-	-
	22,927,403	-	(22,927,403)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

22.3 Carrying Amount

As at 31st March	2023 Rs.	2022 Rs.
Improvements on Leasehold Premises	311,946,064	214,535,084
Equipment	165,634,641	113,858,500
EDP Equipment	88,872,185	70,095,785
Motor Vehicles	236,247	-
Furniture and Fittings	57,213,181	45,963,441
	623,902,318	444,452,810

22.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregated value of Rs. 294,097,565 (2021/22 - Rs. 156,584,280).

22.5 Cost of fully depreciated assets which are still in use as at reporting date is as follows:

As at 31st March	2023 Rs.	2022 Rs.
Improvements on Leasehold Premises	73,405,379	60,015,691
Equipment	7,830,007	4,627,238
EDP Equipment	55,004,077	47,406,851
Furniture and Fittings	11,158,002	8,271,797
	147,397,465	120,321,577

22.6 There were no items of Property Plant & 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 2023.

22.8 There was no capitalized borrowing cost relating to acquisition of Property, Plant and Equipment during the Year (2021/22 – 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		2023	2022
		Rs.	Rs.
23.1	Gross carrying amount		
	At Cost		
	As at beginning of the Year	891,464,737	731,867,116
	Additions during the Year	151,230,288	159,597,621
	Disposals during the Year	(9,789,410)	-
	Balance as at end of the Year	1,032,905,615	891,464,737
23.2	Accumulated Depreciation		
	As at beginning of the Year	(245,577,957)	(147,878,572)
	Charge for the Year	(118,832,934)	(97,699,385)
	Disposals during the Year	5,914,435	-
	Balance as at end of the Year	(358,496,456)	(245,577,957)
23.3	Net Book Value	674,409,159	645,886,780
23.4	Amounts recognised in profit or loss:		
	Depreciation expense on Lease Assets	118,832,935	97,699,384
		118,832,935	97,699,384
24	Financial Liabilities at Amortised Cost-Due to Customers		
	Fixed Deposits at Amortized Cost	18,824,612,028	12,148,130,184
	Saving Deposits	370,992,203	147,260,807
		19,195,604,231	12,295,390,991

25 Financial Liabilities at Amortised Cost-Interest-Bearing Loans and Borrowings

As at 31st March	2023			2022		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Debenture (Note 25.1)	1,448,828,434	2,005,000,000	3,453,828,434	263,853,635	3,008,000,000	3,271,853,635
Bank Loans (Note 25.2)	414,847,048	125,000,000	539,847,048	3,108,471,463	1,124,583,301	4,233,054,764
Securitization Loans (Note 25.3)	1,511,690,611	562,000,000	2,073,690,611	1,793,257,361	1,479,600,000	3,272,857,361
	3,375,366,093	2,692,000,000	6,067,366,093	5,165,582,459	5,612,183,301	10,777,765,760

NOTES TO THE FINANCIAL STATEMENTS

25.1 Debentures

Type	No of Debenture Listed	Face Value	Interest Rate	Issued Date	Maturity Date	2023	2022
						Rs.	Rs.
36 Months Unsecured Debentures	7,530,000	753,000,000	13.00	09-Apr-2020	10-Apr-2023	846,506,967	844,882,147
36 Months Unsecured Debentures	2,500,000	250,000,000	6 Months T-Bill Rate + 3.75%	09-Apr-2020	10-Apr-2023	290,533,888	262,361,097
60 Months Unsecured Debentures	50,000	5,000,000	13.25	19-May-2020	19-May-2025	5,553,011	5,547,859
60 Months Unsecured Debentures	5,832,200	583,220,000	9.25	25-Jun-2021	25-Jun-2026	621,482,418	620,837,309
60 Months Unsecured Debentures	14,167,800	1,416,780,000	1 Year T-Bill Rate + 3.75%	25-Jun-2021	25-Jun-2026	1,689,752,150	1,538,225,223
	30,080,000	3,008,000,000				3,453,828,434	3,271,853,635

25.1.1 Movement of Debenture

	Balance as at beginning of the Year	Obtained during the Year	Repayments		Unamortised Issue Cost	Accrued Interest	Balance as at end of the Year
			Capital	Interest			
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 31st March 2023	3,271,853,635	-	-	(293,428,351)	(9,326,505)	484,729,655	3,453,828,434
	3,271,853,635	-	-	(293,428,351)	(9,326,505)	484,729,655	3,453,828,434
As at 31st March 2022	1,106,774,683	2,000,000,000	-	(98,774,683)	(13,505,102)	277,358,737	3,271,853,635
	1,106,774,683	2,000,000,000	-	(98,774,683)	(13,505,102)	277,358,737	3,271,853,635

25.2 Bank Loans

2022/23	Balance as at beginning of the Year	Loans Obtained	Repayments	Accrued Interest	Balance as at end of the Year
	Rs.	Rs.	Rs.	Rs.	Rs.
Movement of Bank Loans					
Sampath Bank	500,934,575	1,000,000,000	(1,500,934,575)	-	-
Commercial Bank	109,642,625	-	(109,642,625)	-	-
Nations Trust Bank	1,133,216,145	700,000,000	(1,670,438,656)	732,383	163,509,872
Seylan Bank	958,889,082	450,000,000	(1,034,300,511)	1,748,605	376,337,176
National Development Bank	500,198,630	-	(500,198,630)	-	-
Bank of Ceylon	1,030,173,708	300,000,000	(1,330,173,708)	-	-
	4,233,054,765	2,450,000,000	(6,145,688,705)	2,480,988	539,847,048

2021/22	Balance as at beginning of the year Rs.	Loans Obtained Rs.	Repayments Rs.	Accrued Interest Rs.	Balance as at end of the year Rs.
Movement of Bank Loans					
Sampath Bank	-	1,000,000,000	(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

(a) Bank Loan Repayable within One Year

Bank	Rate of Interest	Repayment Terms	Security	2023 Rs.	2022 Rs.
Sampath Bank	AWPLR + Margin	Monthly Repayment	Lease Receivable	-	500,934,575
Seylan Bank	AWPLR + Margin	Monthly Repayment	Lease Receivable	-	100,747,271
Seylan Bank	Fixed Rate	Quarterly Repayment	Lease Receivable	251,337,181	249,641,811
Seylan Bank	Fixed Rate	Monthly Repayment	Lease Receivable	-	150,000,000
Nations Trust Bank	Fixed Rate	Quarterly Repayment	Lease Receivable	163,509,867	166,928,118
Nations Trust Bank	AWPLR + Margin	Monthly Repayment	Lease Receivable	-	802,288,027
National Development Bank	Fixed Rate	Monthly Repayment	Lease Receivable	-	500,198,630
Bank of Ceylon	Fixed Rate	Monthly Repayment	Lease Receivable	-	301,952,054
Bank of Ceylon	AWPLR + Margin	Monthly Repayment	Lease Receivable	-	226,138,352
Commercial Bank	Fixed Rate	Quarterly Repayment	Lease Receivable	-	109,642,625
Cargills Bank	Fixed Rate	Monthly Repayment	Lease Receivable	-	-
				414,847,048	3,108,471,463

(b) Bank Loan Repayable after One Year

Bank	Rate of Interest	Repayment Terms	Security	2023 Rs.	2022 Rs.
Seylan Bank	AWPLR + Margin	Monthly Repayment	Lease Receivable	-	83,500,000
Seylan Bank	Fixed Rate	Quarterly Repayment	Lease Receivable	125,000,000	375,000,000
Nations Trust Bank	Fixed Rate	Quarterly Repayment	Lease Receivable	-	164,000,000
Bank of Ceylon	AWPLR + Margin	Monthly Repayment	Lease Receivable	-	502,083,301
				125,000,000	1,124,583,301

NOTES TO THE FINANCIAL STATEMENTS

25.3 Securitization

	Balance as at beginning of the Year	Loans Obtained	Repayments	Unamortised Issue Cost	Accrued Interest	Balance as at end of the year
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 31st March 2023	3,272,857,361	2,000,000,000	(3,268,661,755)	18,735,377	50,759,628	2,073,690,611
	3,272,857,361	2,000,000,000	(3,268,661,755)	18,735,377	50,759,628	2,073,690,611
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

25.4 Details of Securitization Loans as at 31st March is as follows

Issue No.	Face Value	Rate of Interest	Maximum Period (Months)	Trustee	2023	2022	Security
Securitization 02 Trust 02 Tranch 02	150,000,000	AWPLR+2.5%	36	Hatton National Bank	-	15,368,570	Lease, Loans and Advances Receivables
Securitization 03 Trust 03	500,000,000	AWPLR+2.4%	36	Hatton National Bank	-	212,495,232	Lease, Loans and Advances Receivables
Securitization 04 Trust 04	300,000,000	AWPLR+2.25%	36	Hatton National Bank	-	45,372,664	Lease, Loans and Advances Receivables
Securitization 05 Trust 05 Tranch 01	303,709,239	Fixed Rate	30	Hatton National Bank	-	190,684,072	Lease, Loans and Advances Receivables
Securitization 05 Trust 05 Tranch 03	402,774,457	Fixed Rate	36	Hatton National Bank	-	221,376,963	Lease, Loans and Advances Receivables
Syndication 2 Tranch 01	200,000,000	Fixed Rate	42	Hatton National Bank	-	196,351,249	Lease, Loans and Advances Receivables
Syndication 2 Tranch 02	200,000,000	Fixed Rate	48	Hatton National Bank	190,735,000	195,970,148	Lease, Loans and Advances Receivables
Syndication 2 Tranch 03	200,000,000	Fixed Rate	54	Hatton National Bank	200,000,000	195,619,577	Lease, Loans and Advances Receivables
Syndication 2 Tranch 04	200,000,000	Fixed Rate	60	Hatton National Bank	200,000,000	195,393,495	Lease, Loans and Advances Receivables
Securitization 07 Trust 01 Tranch 01	681,000,000	Fixed Rate	36	National Savings Bank	-	63,194,452	Lease, Loans and Advances Receivables
Securitization 08 Trust 07	250,000,000	Fixed Rate	36	Hatton National Bank	122,318,875	203,290,726	Lease, Loans and Advances Receivables
Securitization 09 Trust 08	1,500,000,000	Fixed Rate	36	Hatton National Bank	619,346,642	1,537,740,213	Lease, Loans and Advances Receivables
Securitization 10 Trust 09	2,000,000,000	Fixed Rate	18	Hatton National Bank	741,290,094	-	Lease, Loans and Advances Receivables
	6,887,483,696				2,073,690,611	3,272,857,361	

26 Lease Liabilities

Accounting Policy

Application as per SLFRS 16

Company as a Lessee

As per SLFRS 16 when the Company has determined that a contract contains a lease component and one or more additional lease components or non-lease components, the consideration in the contract is allocated to each lease component on the basis of relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

At the commencement date, the Company recognises right-of-use of an asset and a lease liability which is measured at the present value of the lease payments that are payable on that date. The right-of-use asset is initially measured at cost, which compromise the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of cost to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received. Lease payments are discounted using the IBR. The Company determines IBR by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of lease and type of lease and type of asset leased.

After initial recognition, the Company applies cost model for the right-of-use of an asset and depreciate the asset from commencement date to the end of the useful life of the underlying asset. Where the right does not transfer the ownership of the asset, the Company depreciates it from commencement date to the earlier of the end of the useful life of the right-of-use asset or end of the lease term. In addition, interest expense on the lease liability is recognised in the profit or loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise of following;

- ⊙ Fixed payments, including in-substance fixed payments;
- ⊙ Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- ⊙ Amounts expected to be payable under a residual value guarantee; and

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in company's estimate of amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment

The Company represents right-of-use assets that do not meet the definition of investment property as right-of-use assets and lease liabilities in the statement of financial position as separate line item.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The company recognizes the lease payments associated with leases as an expense on a straight-line basis over the lease term.

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	2023 Rs.	2022 Rs.
As at beginning of the Year	721,891,259	615,277,570
New contracts liabilities during the Year	151,230,288	159,597,620
Interest Charge for the Year	91,418,849	76,395,171
Lease Rental Payments for the Year	(201,366,935)	(129,379,102)
Disposals / Transfers	(5,528,958)	-
Balance as at end of the Year	757,644,503	721,891,259
26.1 Maturity analysis of undiscounted contractual lease payments are as follows		
Less than one Year	92,594,330	48,525,517
Between one and five Years	439,159,134	360,119,967
More than five Years	225,891,039	313,245,775
	757,644,503	721,891,259
26.2 Amounts recognised in profit or loss		
Interest expense on lease liabilities	91,418,849	76,395,171
Expense relating to leases of low-value assets (included in Other Operating Expenses)	10,865,060	12,382,538
	102,283,909	88,777,709
26.3 Information on the Company's variable lease payments including the magnitude in relation to fixed payments		
Fixed rent	201,366,935	129,379,102
	201,366,935	129,379,102

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	2023 Rs.	2022 Rs.
Trade Payables	17,427,757	153,563,255
VAT on Financial Services	78,171,391	64,819,312
VAT Payable	1,586,280	-
Accrued Expenses	209,802,305	212,894,118
Insurance Payable	51,661,009	73,989,263
Dividend Payable	9,497,743	7,890,778
Deferred Revenue-Suraksha and Moratorium Loans	64,151	3,336,815
Facility Receipts in Advance	8,004,536	29,457,036
Other Payables	99,305,584	113,165,482
	475,520,756	659,116,059

NOTES TO THE FINANCIAL STATEMENTS

28 Amount due to Related Companies

28.1 Amount due to Related Companies

As at 31st March		2023	2022
		Rs.	Rs.
Non-Trade	Relationship		
Hayleys PLC	Ultimate Parent	48,492,586	2,792,113
Hayleys Business Solutions International (Pvt) LTD	Common Ultimate Parent	70,356	-
Fentons LTD	Common Ultimate Parent	3,444,988	3,690,744
The Kingsbury PLC	Common Ultimate Parent	96,235	-
Ravi Industries LTD	Common Ultimate Parent	-	140,000
Singer (Sri Lanka) PLC	Parent Company	63,691,197	65,837,963
		115,795,362	72,460,820

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	2023	2022
	Rs.	Rs.
Balance as at beginning of the Year	260,377,907	196,222,480
Expenses recognised in Profit or Loss (Note 12)	306,025,823	409,953,852
Income Tax Paid	(337,510,689)	(345,798,425)
Balance as at end of the Year	228,893,041	260,377,907

29.1 Surcharge Tax

The Government of Sri Lanka in its budget for 2022 proposed a one-time tax, referred to as a Surcharge tax, at the rate of 25% to be imposed on companies that have earned a Taxable Income in excess of 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 million 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. The total Surcharge tax liability of Rs. 53 Million has been recognized in the financial statements of FY 2022/2023 for the Company as an adjustment to the 1st April 2022 retained earnings in the Statement of Changes in Equity as per the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka on 10th August 2022.

The Company paid the aforesaid Surcharge tax liability of Rs. 53 million in two equal instalments on 20th April 2022 and 19th July 2022.

The impact of the surcharge tax under the Surcharge Tax Act on the comparative year would have been as given below:

	Rs.
Profit after Tax for the year ended 31st March 2021	410,126,924
Surcharge tax levied under Surcharge Act	53,015,894
Comparable Profit for the year 2020/2021	357,111,030

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.

The Inland Revenue (Amendment) Act No 45 of 2022 was certified by the Speaker on 19th December 2022. The standard rate of income tax has been increased to 30% from 24% w.e.f. 1st October 2022. Accordingly, deferred tax asset and liability have been computed at 30%.

Deferred tax asset has been recognized on all temporary differences arising on impairment provisions after adjustments been made in respect of impairment charges pertaining to stage 3 credit facilities, based on the specifications given in section 1 of schedule (I) of the Gazette notification issued on 25th October 2022 under Inland Revenue Act No 24 of 2017.

NOTES TO THE FINANCIAL STATEMENTS

30.1 Deferred Tax (Assets) / Liabilities

As at 31st March	2023 Rs.	2022 Rs.
Movement of Deferred Tax (Assets)/Liabilities		
Balance as at beginning of the Year	(78,674,774)	(5,206,643)
Origination of timing differences - recognized in Profit or Loss (Note 12)	(36,496,794)	(72,425,159)
Origination of timing differences - recognized in Other Comprehensive Income	1,779,498	(1,042,972)
Balance as at end of the Year	(113,392,070)	(78,674,774)
Recognised in Statement of Profit or Loss due to during the year transactions	(16,828,100)	(72,425,159)
Recognised in Statement of Profit or Loss due to decrease in Tax Rate	(19,668,694)	-
Deferred tax expense recorded in Profit or Loss	(36,496,794)	(72,425,159)
Recognised in Other Comprehensive Income during the year transactions	1,779,498	(1,042,972)
Deferred Tax Expense recorded in OCI	1,779,498	(1,042,972)

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	Temporary Difference Rs.	2023 Tax Rate	Tax effect Rs.
Deferred Tax Liabilities on:			
Property, Plant and Equipment	(205,546,197)	30	(61,663,859)
Intangible Assets	(22,290,623)	30	(6,687,187)
Lease Rental Receivables	(52,389,043)	30	(15,716,713)
	(280,225,863)		(84,067,759)
Deferred Tax Assets on:			
Impairment Provision	360,054,380	30	108,016,314
Retirement Benefit Obligation	128,520,489	30	38,556,147
ROU Asset and Lease Liability	169,624,560	30	50,887,368
	658,199,429		197,459,829
Net Deferred Tax Assets	377,973,566		113,392,070

As at 31st March	Temporary Difference Rs.	2022 Tax Rate	Tax effect 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 Assets	327,811,558		78,674,774

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.

NOTES TO THE FINANCIAL STATEMENTS

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	2023 Rs.	2022 Rs.
Present Value of Unfunded Gratuity	128,520,489	101,457,552
	128,520,489	101,457,552
Provision for Retiring Gratuity		
Balance as at beginning of the Year	101,457,552	83,244,646
Expenses recognised in Profit or Loss (Note 31.1)	32,600,107	18,977,876
Adjustment due to Transfer of employees out of Company	5,440,000	-
Actuarial (Gain) / Loss in Other Comprehensive Income	(5,931,661)	4,345,715
	133,565,998	106,568,237
Benefits Paid during the Year	(5,045,509)	(5,110,685)
Balance as at end of the Year	128,520,489	101,457,552

The Company maintains a non-contributory defined benefit plan providing for gratuity benefits payable to employees expressed in term of final monthly salary and service. The Gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by a professionally qualified actuary Mr. M Poopalanathan, of Actuarial & Management Consultants (Pvt) Limited who is a qualified Actuary, Associate of the Institute and Faculty of Actuaries, UK.

31.1 Expense Recognized in Profit or Loss:

As at 31st March	2023 Rs.	2022 Rs.
Current Service Cost	17,351,887	12,522,732
Interest Cost	15,248,220	6,455,144
	32,600,107	18,977,876
Actuarial (Gain) / Loss in Other Comprehensive Income	(5,931,661)	4,345,715

31.2 Actuarial Assumptions

Following key assumptions were made in arriving at the above figures

For the Year Ended 31st March	2023 Rs.	2022 Rs.
(a) Rate of Discount	18% p.a. (net of tax)	15% p.a. (net of tax)
(b) Salary Increment Rate	16%	14%
(c) Retirement Age	60 years	60 years
(d) Staff turnover	16%	16%
(e) Average Future Working Life Time (Years)	5.64	5.67

(f) Assumptions regarding future mortality are based on A1967/70 Ultimate Mortality Table , issued by the Institute of Actuaries, London.

The demographic assumptions underline 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 18%. A rate of discount of 15% has been used at the previous valuation.

The Company has considered the impact on the defined benefit obligations due to changes in economic factors as a result of the prevailing macroeconomic conditions, with support of the independent actuarial expert. As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing Employee benefit obligations as per LKAS 19. Further, the salary increment rate of 16% is considered appropriate to be in line with the Company's targeted future. Due to the discount rate and salary increment rate account the current market conditions and inflation rate. salary increments when taking into assumptions used, nature of non-financial assumptions and experience of the assumptions of the company, there is no significant impact to employment benefit liability as a result of prevailing macro-economic conditions.

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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 2023

Increase (decrease) in Discount rate	Increase (decrease) in Salary Increment rate	Sensitivity Effect on Statement of Comprehensive Income increase (decrease)/ in results for the year Rs.	Sensitivity Effect on Retirement Benefit Obligation increase / (decrease) Rs.
1%		5,419,360	(5,419,360)
-1%		(5,928,449)	5,928,449
	1%	(6,548,585)	6,548,585
	-1%	6,074,405	(6,074,405)

31.4 Distribution of Employee Benefit Obligation over Future Working Lifetime

As at 31st March	2023 Rs.	2022 Rs.
Less than or equal 1 year	22,060,945	14,691,301
Over 1 year and less than or equal 5 years	64,215,120	52,221,486
Over 5 year and less than or equal 10 years	26,396,915	19,713,432
Over 10 years	15,847,509	14,831,333
	128,520,489	101,457,552

32 Stated Capital

32.1 Issued and Fully Paid

	As at 1st April 2022 Number	Issued for Cash during the Year Number	Issued for Non-Cash Consideration Number	As at 31st March 2023 Number
Number of Shares 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

33 Statutory Reserves

As at 31st March	2023 Rs.	2022 Rs.
Statutory Reserve Fund (Note 33.1)	254,563,754	234,111,556
	254,563,754	234,111,556

33.1 Statutory Reserve Fund

As at 31st March	2023 Rs.	2022 Rs.
Balance as at beginning of the Year	234,111,556	203,054,547
Amount Transferred During the Year	20,452,198	31,057,009
Balance as at end of the Year	254,563,754	234,111,556

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% .

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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)

For the Year Ended 31st March	Finance Lease		Loan & Advances		Other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Interest	2,421,741	3,171,307	3,774,670	1,803,507	946,412	138,619	7,142,823	5,113,433
Net Fee and Commission Income	55,541	129,190	283,886	163,759	372	80	339,799	293,029
Other Operating Income	13,026	10,391	33,944	20,185	23,308	49,467	70,278	80,043
Total Revenue	2,490,308	3,310,888	4,092,500	1,987,451	970,092	188,166	7,552,900	5,486,505
Interest Expense	(1,535,350)	(1,207,211)	(2,393,089)	(686,536)	(600,012)	(52,767)	(4,528,451)	(1,946,514)
Depreciation and Amortization	(95,800)	(120,287)	(149,318)	(68,406)	-	-	(245,118)	(188,693)
Administration and Selling Expenses	(714,260)	(1,078,811)	(1,113,289)	(613,521)	-	-	(1,827,549)	(1,692,332)
Allowances for Impairment charges for Loan and Other Losses	109,116	(223,068)	(65,612)	(189,658)	-	-	43,504	(412,726)
Tax on Financial Services	(107,380)	(178,348)	(167,369)	(101,426)	(41,964)	(7,796)	(316,713)	(287,570)
Profit Before Tax	146,634	503,163	203,823	327,903	328,116	127,603	678,573	958,669
Income Tax Expense	(58,243)	(177,154)	(80,958)	(115,449)	(130,328)	(44,926)	(269,529)	(337,529)
Profit For The Year	88,391	326,009	122,865	212,454	197,788	82,677	409,044	621,140
Segment Assets	10,277,510	13,998,687	17,704,689	14,541,652	3,966,641	1,722,678	31,948,840	30,263,017
Segment Liabilities	8,677,040	11,790,090	14,947,618	12,247,391	3,348,934	1,450,888	26,973,592	25,488,369
Segment assets include the additions to non current assets	101,920	98,855	175,574	102,689	39,336	12,165	316,830	213,709

Interest Income given under the business segment "other" includes investment income from government securities and bank deposits amounting to Rs.928Mn (2022/23) and Rs. 111Mn (2021/22)

35 Maturity Analysis of Assets and Liabilities

An analysis of the interest bearing assets and liabilities employed by the Company as at 31st March 2023, based on the remaining period at the reporting date to the respective contractual maturity date is given below.

As at 31 March 2023	Less than 3 months	3-12 months	1-3 years	3-5 years	over 5 years	Total
Interest Earning Assets						
Cash and Cash Equivalents	2,535,435,379	-	-	-	-	2,535,435,379
Placement with Banks	1,291,977,512	122,019,672	-	-	-	1,413,997,184
Financial Assets at Amortised Cost-Hire Purchase Receivables	-	-	-	-	-	-
Financial Assets at Amortised Cost-Finance Lease Receivables	1,202,032,945	2,681,109,931	4,367,058,637	637,162,141	-	8,887,363,654
Financial Assets at Amortised Cost-Loans and Advances	8,649,349,319	4,595,531,979	1,707,992,390	354,647,089	2,414,641	15,309,935,418
Financial Assets at Amortised Cost-Debt and Other Financial Instruments	-	2,013,991,655	-	-	-	2,013,991,655
Loans to Employees	9,175,244	10,630,852	40,005,473	16,960,734	462,156	77,234,459
Total Interest Earning Assets	13,687,970,399	9,423,284,089	6,115,056,500	1,008,769,964	2,876,797	30,237,957,749
Percentage(%)	45.3	31.2	20.2	3.3	0.0	100.0
Interest Bearing Liabilities						
Financial Liabilities at Amortised Cost-Due to Customers	8,916,667,026	4,434,689,585	3,943,757,391	1,881,891,349	18,598,880	19,195,604,231
Financial Liabilities at Amortised Cost-Interest Bearing Loans and Borrowings	2,294,578,513	1,080,787,580	692,000,000	2,000,000,000	-	6,067,366,093
Due to Related Companies	115,795,362	-	-	-	-	115,795,362
Lease Liabilities	4,774,717	87,819,621	196,983,699	242,175,426	225,891,040	757,644,503
Bank Overdraft	4,247,126	-	-	-	-	4,247,126
Trade Payables	17,427,757	-	-	-	-	17,427,757
Total Interest Bearing Liabilities	11,353,490,501	5,603,296,786	4,832,741,090	4,124,066,775	244,489,920	26,158,085,072
Percentage(%)	43.4	21.4	18.5	15.8	0.9	100.0

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As at 31 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
Placement 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
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	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 Overdraft	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	24,620,981,019
Percentage(%)	32.0	33.2	20.8	12.7	1.3	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:

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- ⦿ 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.

(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	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash at Banks	2,280,295,943	712,723,973	2,280,295,943	712,723,973
Placement with Banks (Note 36.1.1 (v) (a))	1,413,997,184	177,449,769	1,413,997,184	177,449,769
Loans and receivables from Customers (Note 36.1.1)	25,616,282,042	27,863,243,848	24,197,299,072	26,350,003,925
Financial assets at amortised cost-Debt and Other Financial Instruments (Note 36.1.1 (v) (b))	2,013,991,655	1,412,979,204	2,013,991,655	1,412,979,204
Loans to Employees	77,234,459	84,087,916	77,234,459	84,087,916
Due From Related Companies	-	-	-	-
	31,401,801,283	30,250,484,710	29,982,818,313	28,737,244,787

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)	
	2023 Rs.	2022 Rs.
Individual Customers	23,886,758,637	26,262,464,252
Corporate Customers	310,540,435	87,539,673
	24,197,299,072	26,350,003,925

(ii) Collateral held and other credit enhancement

As at 31st March	Percentage of exposure that is subject to collateral requirements		Types of Collateral Held
	2023 %	2022 %	
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
Placement 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 31 March 2023	Not subject to ECL	12 Month ECL – (Stage 1)	Life time ECL – not credit impaired (Stage 2)	Life time ECL – credit impaired (Stage 3)	Total
Financial assets					
Cash and Cash Equivalentents	2,535,435,379	-	-	-	2,535,435,379
Placement with Banks	1,413,997,184	-	-	-	1,413,997,184
Financial assets at amortised cost-Hire Purchase Receivables	-	-	-	3,135,966	3,135,966
Financial assets at amortised cost-Finance Lease Receivables	-	6,423,089,165	1,683,182,211	1,488,532,576	9,594,803,952
Financial Assets at amortised cost-Loans and Advances	-	12,350,384,273	2,107,526,750	1,560,431,101	16,018,342,124
Financial Assets measured at Fair Value through Other Comprehensive Income	2,120,229	-	-	-	2,120,229
Financial Assets at amortised cost-Debt and Other Financial Instruments	2,013,991,655	-	-	-	2,013,991,655
Financial Assets at amortised cost-Loans to Employees	-	79,228,509	2,442,670	1,352,804	83,023,983
	5,965,544,447	18,852,701,947	3,793,151,631	3,053,452,447	31,664,850,472

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As at 31 March 2022	Not subject to ECL	12 Month ECL – (Stage 1)	Life time ECL – not credit impaired (Stage 2)	Life time ECL – credit impaired (Stage 3)	Total
Financial assets					
Cash and Cash Equivalents	837,561,672	-	-	-	837,561,672
Placement 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	-	85,631,985	-	1,709,412	87,341,397
	2,428,031,945	22,874,666,739	3,221,939,703	1,853,978,805	30,378,617,192

(iv) Scenario Probability Weightage

Scenario Probability Weighting applied in measuring Expected Credit Loss are as follows,

As at 31st March	2023			2022		
	Base- Case	Best- Case	Worst- Case	Base- Case	Best- Case	Worst- Case
Assigned Probability Weightage when measuring ECL	10%	10%	80%	68%	11%	21%

(v) Significant Changes in the Gross Carrying amount of financial assets

Following table provides an explanation of how significant changes in gross carrying amount of financial instruments contributed to changes in Expected Credit Loss,

As at 31st March	2023				2022			
	Impact: Increase /(decrease) of ECL allowance				Impact: Increase /(decrease) of ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets at Amortised Cost-Finance Lease Receivables								
Decrease in leasing portfolio due to facility settlements	(8,213,356)	(38,787,456)	(125,679,147)	(172,679,959)	-	-	-	-

(c) Credit Concentration risk on loans and receivables from customers**(i) Product Concentration**

The Company reviews on a regular basis its concentration of credit granted in each of the product offered. The diversification was made to ensure that an acceptable level of risk in line with the risk appetite of the Company is maintained.

As at 31st March	Maximum Exposure			
	2023		2022	
	Rs.	%	Rs.	%
Leasing	9,594,803,952	37%	13,790,853,818	49%
Hire Purchase	3,135,966	0%	5,504,546	0%
Loans and Advances	16,018,342,124	63%	14,066,885,486	51%
	25,616,282,042	100%	27,863,243,850	100%

As at 31st March	Net Exposure			
	2023		2022	
	Rs.	%	Rs.	%
Leasing	8,887,363,654	37%	12,954,049,012	49%
Hire Purchase	-	0%	-	0%
Loans and Advances	15,309,935,418	63%	13,395,954,913	51%
	24,197,299,072	100%	26,350,003,925	100%

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(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)			
	2023		2022	
	Rs.	%	Rs.	%
Central	2,575,773,020	11%	2,888,888,718	11%
Eastern	368,745,972	2%	432,929,321	2%
North Central	1,285,700,049	5%	1,644,332,069	6%
North Western	4,931,454,841	20%	5,990,629,481	23%
Northern	1,124,260,909	5%	756,147,007	3%
Sabaragamuwa	788,424,457	3%	987,938,285	4%
Southern	2,342,246,547	10%	2,626,212,939	10%
Uva	584,197,436	2%	678,196,957	3%
Western	10,196,495,841	42%	10,344,729,148	38%
	24,197,299,072	100%	26,350,003,925	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)			
	2023		2022	
	Rs.	%	Rs.	%
Agriculture	2,634,764,182	11%	1,685,636,141	6%
Tourism	197,085,119	1%	187,921,864	1%
Transport	8,437,048,207	36%	13,736,763,047	52%
Construction	820,980,941	3%	649,492,563	3%
Services	4,688,372,066	19%	4,332,266,314	17%
Individual	7,419,048,557	30%	5,757,923,996	21%
	24,197,299,072	100%	26,350,003,925	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.

Impairment Losses

The aging of receivables at the reporting date was

As at 31 March	2023			2022		
	Gross Rs.	Impairment Rs.	Net Rs.	Gross Rs.	Impairment Rs.	Net Rs.
Not past due	10,857,152,230	98,702,007	10,758,450,223	14,557,751,131	92,534,811	14,465,216,320
Past due 1-30 days	4,892,828,944	63,654,972	4,829,173,972	5,541,576,115	57,585,608	5,483,990,507
Past due 31-120 days	6,852,751,553	212,753,672	6,639,997,881	5,279,593,960	340,379,234	4,939,214,726
Past due 121-180 days	1,180,797,793	78,286,603	1,102,511,190	944,814,007	173,069,445	771,744,562
Past due 181-360 days	908,266,012	218,391,663	689,874,349	779,797,040	247,410,578	532,386,462
Past due more than 360 days	924,485,510	747,194,053	177,291,457	759,711,597	602,260,249	157,451,349
	25,616,282,042	1,418,982,970	24,197,299,072	27,863,243,850	1,513,239,925	26,350,003,925

(v) Financial Investments**(a) Placement with Banks**

As at 31st March		2023 Rs.		2022 Rs.
Rating				
A-	NDB	122,019,672	NDB	-
A-	NTB	1,069,524,283	NTB	-
A-	NTB	222,453,229	NTB	-
A-	DFCC	-	DFCC	101,927,928
BBB-	PABC	-	PABC	75,521,841
		1,413,997,184		177,449,769

(b) Financial assets at amortised cost-Debt and other financial instruments

As at 31st March		2023 Rs.		2022 Rs.
Rating				
AA+		2,013,991,655		1,412,979,204
		2,013,991,655		1,412,979,204

** Primary dealers - Commercial Bank of Ceylon PLC & Acuity Securities Ltd, the entire portfolio consist of Government Treasury Bills.

NOTES TO THE FINANCIAL STATEMENTS

(c) Cash & Cash Equivalents

Cash and cash equivalents comprise of cash in hand and cash at bank and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments.

The cash and cash equivalents are held with the following commercial banks.

Bank	Rating
Bank of Ceylon	A
Cargils Bank	A
Commercial Bank of Ceylon PLC	A
Deutsche Bank	BBB+
DFCC Bank	A-
Hatton National Bank	A
National Development Bank	A-
Nation Trust Bank PLC	A-
Pan Asia Bank PLC	BBB-
Sampath Bank PLC	A
Seylan Bank PLC	A-

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 31 March 2023	Carrying Amount Rs.	Contractual Cash flows Rs.	6 months or less Rs.	6-12 Months Rs.	1-2 Years Rs.	2-5 Years Rs.	More than 5 Years Rs.
Non Derivative Financial Liabilities							
Securitization Loans	2,073,690,611	2,419,167,467	1,427,929,039	429,238,428	562,000,000	-	-
Secured Bank Loans	539,847,048	585,140,216	232,493,632	227,646,584	125,000,000	-	-
Unsecured Bank Loans	-	-	-	-	-	-	-
Unsecured Debenture issues	3,453,828,434	4,158,409,435	1,489,331,354	352,290,500	5,553,011	2,311,234,570	-
Secured Debenture issues	-	-	-	-	-	-	-
Unsecured Bond Issues	-	-	-	-	-	-	-
Promissory Notes	-	-	-	-	-	-	-
Due to Related Companies	115,795,362	147,456,184	147,456,184	-	-	-	-
Trade Other payables	475,520,756	475,520,756	475,520,756	-	-	-	-
Lease Liabilities	757,644,503	1,137,960,981	90,152,561	90,020,144	151,529,950	526,141,507	280,116,819
Financial liabilities at amortised cost-Due to Customers	19,195,604,231	23,480,063,095	13,038,926,779	4,596,888,696	3,943,757,391	1,881,891,349	18,598,881
Bank Overdrafts	4,247,126	5,393,850	5,393,850	-	-	-	-
	26,616,178,071	32,409,111,983	16,907,204,155	5,696,084,352	4,787,840,352	4,719,267,426	298,715,700

As at 31 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							
Secured Bank Loans	4,233,054,764	4,669,781,571	2,905,354,858	639,843,410	1,030,833,314	93,749,987	-
Securitization Loans	3,272,857,361	3,630,050,532	1,207,419,478	939,696,586	1,287,540,975	195,393,495	-
Unsecured Debenture issues	3,271,853,635	3,661,041,267	389,187,632	-	1,096,239,249	2,175,614,386	-
Due to Related Companies	-	-	-	-	-	-	-
Trade Other payables	659,116,059	659,116,059	659,116,059	-	-	-	-
Lease Liabilities	721,891,259	1,142,980,598	76,595,951	83,014,743	119,944,839	455,184,917	408,240,148
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	-	-	-	-
	25,054,073,004	27,761,740,311	12,211,816,454	6,369,334,845	5,277,302,032	3,477,878,225	425,408,755

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

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

	2023	2022
	Rs.	Rs.
Fixed Rate Instruments		
Financial Assets	27,704,642,599	28,024,562,114
Financial Liabilities	(23,282,684,286)	(18,769,988,178)
	4,421,958,313	9,254,573,936
Variable Rate Instruments		
Financial Assets	-	-
Financial Liabilities	(1,984,533,165)	(4,903,077,507)
	(1,984,533,165)	(4,903,077,507)

NOTES TO THE FINANCIAL STATEMENTS

Cash Flow Sensitivity for Variable Rate Instruments

A reasonable possible change of 100 basis points (1%) in interest rate at the Reporting date would increase/ (decrease) equity and profit or loss by amounts shown as below. This analysis assumes that all other variables remains constant:

As at 31st March 2023	Profit or Loss		Equity Net of Tax	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs.	%.	Rs.	%.
Variable Rate Instruments	(19,845,332)	19,845,332	(13,891,732)	13,891,732
Cash Flow Sensitivity (Net)	(19,845,332)	19,845,332	(13,891,732)	13,891,732

As at 31st March 2022	Profit or Loss		Equity Net of Tax	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs.	%.	Rs.	%.
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

(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.

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 03 of 2018 with the effect from 1st July 2018.

Based on the Direction No. 03 of 2018 the Listed Finance Companies which are having asset base less than 100 Billion need to have minimum Core Capital Ratio (Tier-I) of 7% and 11% based on the Total Capital Ratio (Tier-II). This minimum requirement increased to 8.5% and 12.5% respectively with the effect from 1st July 2022.

NOTES TO THE FINANCIAL STATEMENTS

The core capital represents the permanent shareholders', equity and reserves created or increase by appropriations of retained earnings or other surpluses and the total capital includes in addition to the core capital, the revaluation reserves, general provisions and other hybrid capital instruments and unsecured subordinated debts.

The Risk Weighted Assets have been calculated by multiplying the value of each category of asset using the risk weight specified by the Central Bank of Sri Lanka.

Details of the computation and the resulting ratios are given below:

As at 31 March	Balance		Risk-Weighted Factor %	Risk-Weighted Balance	
	2023 Rs.	2022 Rs.		2023 Rs.	2022 Rs.
Assets					
Risk Weighted Amount for Credit Risk					
Notes and Coins	254,314,115	124,400,707	0%	-	-
Cash Items in the Process of Collection	103,195,627	50,363,730	20%	20,639,125	10,072,746
Fixed Assets	1,298,311,478	1,090,339,590	100%	1,298,311,478	1,090,339,591
Other Assets/Exposures	309,182,362	263,409,646	100%	309,182,362	263,409,646
Investment in Government Securities	2,013,991,655	1,412,979,204	0%	-	-
Claims on Banks					
AAA to BBB-	3,563,382,611	823,323,404	20%	712,676,522	164,664,681
Below B-	4,012,499	15,202,592	150%	6,018,749	22,803,888
Claims on Corporates					
AAA to AA-	-	15,992,156	20%	-	3,198,431
Unrated	2,120,229	41,000	100%	2,120,229	41,000
Retail claims in respect of motor vehicles and machinery	8,936,390,391	13,372,894,093	100%	8,936,390,391	13,372,894,094
Claims Secured by Gold					
Outstanding claim portion up to 70% of the market value	6,380,720,529	3,526,048,852	0%	-	-
Remaining outstanding claim portion over 70% of the market value	1,192,944,142	97,230,297	100%	1,192,944,142	97,230,297
Retail claims secured by immovable property					
Retail claims that do not qualify for regulatory capital purposes	78,066,590	101,712,550	100%	78,066,590	101,712,550
Other retail claims	4,269,348,547	7,991,316,739	125%	5,336,685,684	9,989,145,924
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%	297,822,738	322,042,290	100%	297,822,738	322,042,290
Specific provisions are less than 20%	1,271,637,844	40,838,842	150%	1,907,456,766	61,258,263
Total Risk - Weighted Assets	29,975,441,357	29,251,107,995		20,098,314,776	25,500,299,551

As at 31 March	Balance		Risk-Weighted Factor %	Risk-Weighted Balance	
	2023 Rs.	2022 Rs.		2023 Rs.	2022 Rs.
Risk Weighted Amount for Operational Risk	5,081,737,180	4,260,975,532	15%	762,260,577	639,146,330
Interest Income	(2,758,426,084)	(1,916,865,583)	15%	(413,763,913)	(287,529,837)
Interest Expenses	828,945,325	670,248,482	15%	124,341,799	100,537,272
Non-interest income	3,152,256,421	3,014,358,431		472,838,463	452,153,764
Risk-Weighted Amount for operational Risk under the Basic Indicator Approach				3,782,707,705	4,110,488,766
Total Risk - Weighted Assets	33,127,697,778	32,265,466,426		23,881,022,481	29,610,788,317
Total Capital Base Computation					
Stated Capital				1,996,444,457	1,996,444,457
Reserved Fund				254,563,754	234,111,556
Published Retained Earnings				2,722,160,451	2,544,091,637
Less:-					
Deferred Tax Assets (net)				113,392,070	
Other Intangible Assets (net)				80,387,296	69,458,537
Total Core Capital				4,779,389,296	4,705,189,113
Supplementary Capital				1,333,333,333	1,733,333,333
Total Supplementary Capital				1,333,333,333	1,733,333,333
Capital Base				6,112,722,629	6,438,522,446

Capital Adequacy ratio

As at 31st March		2023 Rs.	2022 Rs.
Core Capital Ratio	Core Capital/ Risk-Weighted Assets	20.01%	15.89%
Total Capital Ratio	Capital Base/ Risk-Weighted Assets	25.60%	21.74%

NOTES TO THE FINANCIAL STATEMENTS

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	2023 Rs.	2022 Rs.
Within one year	10,865,065	10,865,065

37.2 Contingencies

(a) As at 31st March 2023, the Company has provided letters of guarantee totalling to Rs. 1,500,000/- against Fixed Deposits of Rs. 1,500,000/- (As at 31st March 2022, letter of guarantee totalling to Rs. 3,500,000/- had issued against Fixed Deposit of Rs. 3,705,881/-)

(b) Case bearing No. 404 has been filled against Singer Finance (Lanka) PLC by a customer in the District Court of Ampara claiming Rs. 2,000,000/- as damages caused by repossessing and selling of a vehicle leased through the Company. The case will be called on 31st July 2023 for further trial.

(c) Further, the Company has received summons for case number 004674/21DMR clamming Rs.3,800,000/- as damages. The case will be called on 25th January 2024 for proxy and answer.

The lawyers of the Company are of the view that the ultimate resolution of these litigations would not likely to have a material impact.

37.3 Assets Pledged

Company has given a negative pledge amounting to Rs.8,133,580,000/- over the Company's Lease receivable and Loans for the following banks over Loans, Overdrafts, Securitization & Debentures having a carrying value of Rs.5,956,600,000/- as at 31st March 2023.

Bank	Exposure	Type of Facility	Outstanding Credit Facility Rs.	Carrying Value Rs.
Sampath Bank	130% of the Banks's exposure	Loan	500,000,000	1,040,000,000
		Overdraft Facility	300,000,000	
Commercial Bank	150% of the Banks's exposure	Overdraft Facility	200,000,000	300,000,000
Seylan Bank	130% of the Banks's exposure	Loan	675,000,000	1,202,500,000
		Overdraft Facility	250,000,000	
Nations Trust Bank	130% of the Banks's exposure	Loan	964,000,000	1,513,200,000
		Overdraft Facility	200,000,000	
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	300,000,000	390,000,000
Pan Asia Bank Corporation	130% of the Company exposure	Loan	500,000,000	1,000,000,000
Trustee (Hatton National Bank & National Savings Bank)	130% of the Banks's exposure	Securitization	1,867,600,000	2,427,880,000
			5,956,600,000	8,133,580,000

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

Name of the Company and Relationship	Nature of Transaction	2023	2022
		Rs.	Rs.
Hayleys PLC (Ultimate Parent)	Expenses Paid Through Hayleys PLC	94,436,163	74,716,302
	Balance Settlement	48,735,690	75,045,323
Singer (Sri Lanka) PLC (Parent Company)	Withdrawals of Rental Collections From Singer (Sri Lanka) PLC	1,593,859,056	1,570,000,000
	Sales Financed to purchase goods from Singer (Sri Lanka) PLC	1,013,806	14,747,005
	Purchase of Assets	50,722,878	53,891,131
	Interest Income / Expense	15,764,101	12,245,047
	Rental Collections through Singer (Sri Lanka) PLC	1,860,667,683	2,004,995,826
	Service Charge Income	29,325	1,563,738
	Collection Commission Paid	19,157,646	17,913,649
	Royalty Expense Charged During The Period	64,483,640	45,561,403
	Rent Reimbursed	10,568,498	11,982,538
	Expenses Paid Through Singer (Sri Lanka) PLC	186,365,633	389,467,077
	Singer Industries (Ceylon) PLC (Common Immediate Parent)	Invested in Fixed Deposits	149,751,448
Deposits Interest Payment (Gross)		17,676,866	12,343,661
Withdrawal of Fixed Deposit		166,554,545	41,737,083
Hayleys Business Solutions International (Pvt) Ltd. (Common Ultimate Parent)	Payroll Processing Charges	1,151,697	1,025,622
	Balance Settlement	1,081,340	1,025,622
Fentons LTD (Common Ultimate Parent)	Purchased of Assets/ Services Obtained	41,757,021	24,725,341
	Revolving Loan Granting	27,000,000	-
	Balance Settlement	42,002,776	21,075,437
	Finance Lease Rental Collection	11,427,644	1,941,555
Energynet (Pvt) LTD (Common Ultimate Parent)	Purchased of Assets/ Services Obtained	50,128	2,490,000
	Balance Settlement	50,128	2,490,000
Ravi Industries LTD (Common Ultimate Parent)	Purchases	-	1,494,500
	Balance Settlement	140,000	1,354,500
Mabroc Teas (Pvt) LTD (Common Ultimate Parent)	Purchases	1,290,238	716,740
	Balance Settlement	1,290,238	716,740
The Kingsbury PLC (Common Ultimate Parent)	Purchases	460,401	247,400
	Balance Settlement	364,166	247,400
Amaya Leisure PLC (Common Ultimate Parent)	Finance Lease Granting	-	-
	Finance Lease Rental Collection	4,075,094	3,888,000

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	2023		2022	
	Percentage of the Capital Funds		Percentage of the Capital Funds	
	Rs.		Rs.	
Category of Related Party Transactions				
Directors	-		-	-
KMP	2,513,705	0.05%	2,561,882	0.05%
Directors and their close family members	-		-	-
Key Management personnel and their close family members	-		-	-
Subsidiaries	-		-	-
Joint Venture	-		-	-
Entities which Directors and their close family members have a substantial interest	-		-	-
Government of Sri Lanka/Entities Controlled, Jointly Controlled, Significantly Influenced by the government OF Sri Lanka	-		-	-
Subsidiaries of the Immediate parent and Common Ultimate Parent	40,172,998	0.8%	15,992,156	0.3%

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	1,593,859,056	21%	Interest rate at the market rate
		Rental Collections through Singer (Sri Lanka) PLC	1,860,667,683	25%	

NOTES TO THE FINANCIAL STATEMENTS

39.5 The amount due to Singer(Sri Lanka) PLC as at 31 March 2023, 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, Key & Senior Management and their immediate family members have been classified as Key Management Personnel of the Company.

(i) Transactions Key Management Personnel or close Family Members

		2023	2022
		Rs.	Rs.
Directors of Singer Finance (Lanka)PLC	Deposits Placed	94,865,987	51,825,673
	Deposits Balance as at 31st March	142,829,858	78,904,009
Director's Immediate Family members of Singer Finance (Lanka)PLC	Deposits Placed	1,000,000	13,291,592
	Deposits Balance as at 31st March	16,719,870	17,045,476
Key & Senior Management & their Immediate Family members of Singer Finance (Lanka)PLC	Deposits Placed	62,938,891	35,241,070
	Deposits Balance as at	137,949,169	100,150,840
	Loans Granted	1,000,000	2,750,000
	Finance Lease & Loans Receivable As at 31st March	2,513,705	2,561,882
(ii) Compensation of Key Management Personnel			
Short-Term Employee Benefits	Directors	25,367,532	22,855,367
	Key & Senior Managers	93,438,666	56,294,836
Defined contribution Plans	Key & Senior Managers	9,468,239	5,657,439
Post-Employment Benefit Paid	Directors	-	-
	Key & Senior Managers	-	-

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.

PARENT, ASSOCIATE & RELATED COMPANIES

Company Name	Principal Activity	Directors
Hayleys PLC	Global Markets and Manufacturing, Agriculture, Power and Energy, domestic and industrial lighting, Transportation and Logistics, Leisure and Aviation, Consumer, and Investments and Services	Mr. A.M. Pandithage - Chairman and Chief Executive Mr. S.C. Ganegoda Mr. H.S.R. Kariyawasan Dr. H. Cabral Mr. L.R.V. Waidyaratne Mr. M.H. Jamaldeen Mr. M.Y.A. Perera Ms. J. Dharmasena Mr. R.J. Karunarahah Mr. K.D.G. Gunaratne
Singer (Sri Lanka) PLC	Trading in Sewing Machines, Industrial Machines, Electrical Equipment & Consumer Durables, Personal Computers, Agricultural Equipment & Furniture.	Mr. A.M. Pandithage Mr. M.H. Wijewardene Mr. S.C. Ganegoda Mr. D.K. De S. Wijeyeratne Mr. D. Sooriyaarachchi Mr. D.H. Fernando Mr. M.H. Jamaldeen Ms. H.M.G. De Alwis Ms. K.A.D.B. Perera Mr. H.P.S. Perera (Alternate to Mr. MHW) Mr. L.A.D.K. Perera (Alternate to Mr. MHJ)
Singer Industries (Ceylon) PLC	Manufacturing Sewing Machines.	Mr. A.M. Pandithage Mr. M.H. Wijewardene Mr. S.C. Ganegoda Mr. D.K. De S. Wijeyeratne Mr. K.D. Kospelawatta Mr. M.H. Jamaldeen Mr. N.L.S. Joseph Mr. K.D.G. Gunaratne Mr. R.S. Kulasuriya (Alternate to Mr. MHW)
Hayleys Travels	Flight Tickets, Holiday Packages, VISA services, Travel Insurance & Rent a car.	Mr. A.M. Pandithage Mr. S.C. Ganegoda Mr. J.G. Victoria Ms. V. Jayasundera Mr. E.J. Petersz Mr. S.J. Wijesinghe Mr. L.R.V. Waidyaratne Mr. M.I.S. Sabar
Fentons LTD	Mechanical, Electrical and Plumbing services.	Mr. A.M. Pandithage Mr. S.C. Ganegoda Mr. T.G. Toradeniya Mr. M.Y.A. Perera Mr. H.P.G.S.E.M. De Alwis Mr. H.C. Prematillake

PARENT, ASSOCIATE & RELATED COMPANIES

Company Name	Principal Activity	Directors
Hayleys Business Solution	Providing Business Process Management Services.	Mr. A.M. Pandithage Mr. S.C. Ganegoda Mr. S. Mohammed Ms. R. Malewana Mr. L. Somaratne
Energynet (Pvt) Ltd	Company is working in Networking, Computer Networking, Electrical Goods, Computers business activities.	Mr. A.M. Pandithage Mr. S.C. Ganegoda Mr. H.P.G. Sujith Mr. E.M. De Alwis Mr. H.C. Prematillake Mr. R.S.S. Perera Mr. P.B.J. Gunawardena
Ravi Industries (Pvt) Ltd	Manufacturering Company.	Mr. A.M. Pandithage Mr. M.M.A.R.P. Goonetilleke Mr. S.C. Ganegoda Mr. H.S.R. Kariyawasan Mr. L.A.K.I. Kodytuwakku Mr. M.C. Sampath
Mabroc Teas	Tea Manufacturers and Exporters.	Mr. A.M. Pandithage Mr. N.R. Ranatunga Dr. W.G.R. Rajadurai Mr. R.S. Samarasinghe Mr. S.C. Ganegoda Mr. A. Weerakoon Mr. S.C. Hikkaduwege
The Kingsbury PLC	Hospitality and Leisure Services	Mr. A.M. Pandithage Mr. R.J. Karunarajah Mr. S.C. Ganegoda Mr. S.J. Wijesinghe Ms. K.A.D.B. Perera Ms. R.N. Ponnambalam Mr. J.P. Van Twest Ms. I. Jamaldeen Mr. T.A.B. Speldewinde Mr. N.J. De S. Deva-Aditya

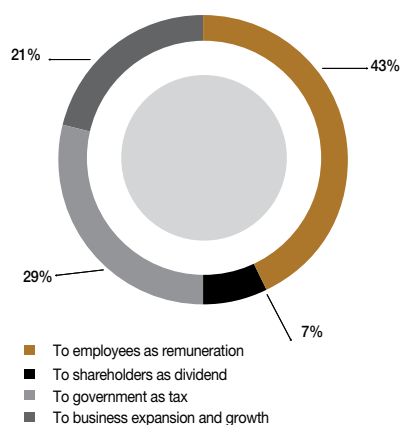
TEN YEAR SUMMARY

Year Ended 31st March	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Operating Results										
Income	7,552,900	5,486,505	4,713,704	4,598,412	4,129,845	3,277,570	2,610,297	2,113,396	1,986,040	1,894,761
Interest Expense	4,528,451	1,946,514	1,920,500	1,991,392	1,645,624	1,287,378	978,996	688,135	669,413	759,449
Non-Interest Expense (Personal Cost, Admin and Selling and Impairment)	2,029,164	2,293,752	1,978,715	1,716,842	1,500,361	1,118,830	937,298	696,664	711,726	732,390
Value Added Tax (VAT), Nation Building Tax (NBT) and Debt Repayment Levy (DRL) on Financial Services, Social Security Contribution Levy	316,713	287,570	212,687	259,867	260,956	171,063	125,789	81,784	38,766	28,428
Profit Before Tax	678,573	958,669	601,801	630,310	722,904	700,299	568,214	646,813	566,135	374,493
Provision for Taxation	269,529	337,529	191,674	241,269	181,170	257,153	198,385	205,958	177,469	105,897
Profit After Tax	409,044	621,140	410,127	389,041	541,734	443,146	369,830	440,855	388,666	268,597
Other Comprehensive Income for the Year, Net of Taxes	6,231	(3,303)	(840)	970	(1,290)	(6,506)	1,159	720	1,563	447
Total Comprehensive Income for the Year	415,275	617,837	409,287	390,011	540,444	436,639	370,988	440,135	387,103	268,149
Dividends	161,659	161,659	-	-	222,281	196,011	175,253	248,000	206,667	107,467
As at 31st March										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets										
Liquid assets	5,963,424	2,427,991	1,895,119	1,105,660	1,024,006	1,048,590	797,195	666,326	766,506	815,542
Investments	2,120	41	41	41	41	41	41	41	41	41
Advances	24,197,300	26,350,003	21,090,544	20,157,566	17,848,131	14,366,433	11,552,460	10,036,295	7,841,541	7,047,463
Other Assets	293,905	246,508	260,804	260,166	290,636	210,265	192,113	185,872	141,412	116,219
Property, Plant & Equipment	623,902	444,453	372,602	327,720	221,885	120,587	124,658	111,233	66,728	72,711
Due From Related Companies	-	-	418,492	185,522	92,444	336,269	201,865	-	-	-
Intangible Assets	80,387	69,459	44,414	42,277	46,293	49,420	32,011	36,041	30,728	32,383
Deferred Tax Assets	113,392	78,675	5,207	-	15,632	-	-	-	-	-
Right-of-use assets / Lease assets	674,409	645,887	583,989	468,490	-	-	-	-	-	-
Total Assets	31,948,839	30,263,017	24,671,212	22,547,442	19,539,068	16,131,605	12,900,343	11,035,808	8,846,956	8,084,359
Liabilities										
Interest-Bearing Loans & Borrowings	6,071,613	11,377,675	7,772,403	9,846,529	6,631,191	4,990,518	5,493,345	3,978,929	1,592,323	1,325,231
Deposit from customers	19,195,604	12,295,391	10,643,164	7,175,552	6,095,816	5,356,078	3,210,548	3,173,767	4,150,193	4,277,335
Amount due to Related companies	115,795	72,461	455,906	404,512	1,001,570	1,465,346	771,235	421,199	51,325	28,679
Retirement Benefit Obligations	128,520	101,458	83,245	73,397	63,118	55,213	36,842	30,515	22,369	14,947
Deferred Tax Liability	-	-	-	77,364	-	154,876	39,942	54,345	31,972	14,543
Other Liabilities	704,414	919,494	782,747	584,903	2,203,438	774,462	627,815	779,425	634,614	339,100
Lease Liabilities	757,645	721,891	615,278	476,003	-	-	-	-	-	-
Total Liabilities	26,973,591	25,488,370	20,352,743	18,638,260	15,995,133	12,796,493	10,179,727	8,438,180	6,482,796	5,999,835
Equity										
Stated Capital	1,996,444	1,996,444	1,996,444	1,996,444	1,996,444	1,994,455	1,445,333	1,445,333	1,445,333	1,445,333
Statutory Reserves	254,566	234,112	203,055	182,548	163,096	136,009	113,852	95,361	73,318	136,128
FVOCI Fund	2,079	-	-	-	-	-	-	-	-	-
Retained Earnings	2,722,159	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
Total Equity	4,975,248	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
Total Liabilities & Equity	31,948,839	30,263,017	24,671,212	22,547,442	19,539,068	16,131,605	12,900,343	11,035,808	8,846,956	8,084,359
Investor Information										
Gross Dividend (Rs.)	161,659	161,659	-	-	222,281	196,011	175,253	248,000	206,667	107,467
Dividend per share (Rs.)	0.80	0.80	-	-	1.10	0.97	1.06	1.50	1.25	0.65
Dividend Cover (Times)	2.53	3.84	-	-	2.44	2.26	2.11	1.78	1.88	2.50
Net Assets Per Share (Rs.)	24.62	23.63	21.37	19.35	17.54	16.50	16.46	15.71	14.30	12.61
Market Price Per Share (Rs.) -Maximum	14.00	20.30	19.40	14.70	16.40	21.00	23.60	27.90	21.40	15.70
Market Price Per Share (Rs.) -Minimum	9.00	12.90	7.40	8.00	12.50	14.90	16.60	16.50	12.00	10.50
Price as at Year End (Rs.)	11.30	13.00	13.70	8.60	12.60	15.40	17.10	18.10	18.30	12.10
Price Earning Ratio (Times)	5.58	4.23	6.75	4.47	4.70	6.11	7.63	6.79	7.78	7.45
Earnings Per Share (After Tax)	2.02	3.07	2.03	1.93	2.68	2.52	2.24	2.67	2.35	1.62
Ratios										
Annual Income Growth (%)	37.66	16.39	2.51	11.35	26.00	25.56	23.51	6.41	4.82	7.93
Growth In Interest Expenses (%)	132.64	1.35	(3.56)	21.01	27.83	31.50	42.27	2.80	(11.86)	2.35
Growth In Non Interest Expenses (%)	(11.54)	15.92	15.25	14.43	34.10	19.37	34.54	(2.12)	(2.82)	9.43
Growth In Profit after tax (%)	(34.15)	51.45	5.42	(28.19)	22.25	19.82	(16.11)	13.43	44.70	4.70
Growth In Advances (%)	(8.17)	24.94	4.63	12.94	24.23	24.36	15.11	27.99	11.27	6.93
Growth In Deposits (%)	56.12	15.52	48.33	17.71	13.81	66.83	1.16	(23.53)	(2.97)	28.88
Growth In Shareholder's Fund (%)	4.20	10.56	10.47	10.31	6.26	22.59	4.73	9.88	13.41	8.35
Equity: Assets (%)	15.57	15.78	17.50	17.34	18.14	20.67	21.09	23.54	26.72	25.78
Debt: Equity (Times)	5.08	4.96	4.26	4.46	3.87	3.40	3.38	2.92	2.45	2.70

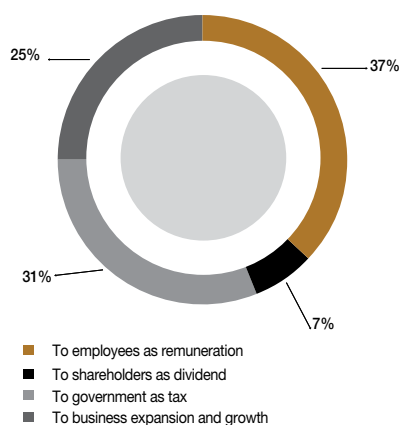
VALUE ADDED STATEMENT

As at 31st March	2023 Rs.		2022 Rs.	
Income earned by providing financial services	7,142,823,353		5,113,432,730	
Cost of Services	(5,431,498,450)		(2,791,623,362)	
Value added by financial services	1,711,324,903		2,321,809,368	
Non-financial income	410,076,961		373,072,326	
Provision for Impairment Losses	43,503,798		(412,726,480)	
	2,164,905,662		2,282,155,214	
Value Allocated				
To employees as remuneration	924,501,537	43%	847,223,030	37%
To shareholders as dividend	161,659,260	7%	161,659,260	7%
To government as tax				
- Income Tax	306,025,823	14%	409,953,852	18%
- FS VAT	316,712,745	15%	287,570,371	13%
To business expansion and growth				
- as Depreciation	245,118,385	11%	188,692,951	8%
- as Retained earnings	247,384,706	11%	459,480,909	20%
- as Deferred Taxation	(36,496,794)	-2%	(72,425,159)	-3%
	2,164,905,662	100%	2,282,155,214	100%

VALUE DISTRIBUTION 2022/23



VALUE DISTRIBUTION 2021/22



SHARE INFORMATION

1. Stated Capital

As at 31st March	2023	2022
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	Ordinary Shares
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

2. Stock Exchange Listing

The issued Ordinary Shares of Singer Finance (Lanka) PLC are listed with the Colombo Stock Exchange of Sri Lanka.

3. Directors Shareholdings

As at 31st March	2023	2022
Name of the Director	No. of Shares	No. of Shares
Mr. Aravinda Perera	-	-
Mr. Jayanth Perera	-	-
Ms. Darshini Talpahewa	-	-
Mr. Thushan Amarasuriya (CEO)	50,155	50,155
Mr. Mahesh Wijewardene	-	-
Mr. Ranil De Silva	-	-
Mr. Saman Herath	-	-
Mr. Sadeep Perera (Resigned w.e.f 01st December 2022)	-	-

4. Analysis of Shareholders according to the number of shares as at 31st March 2023

No. of Shareholders: 31st March 2023 - 6,111 (31st March 2022 - 6,131)

As at 31st March	Resident Shareholders			Non Resident Shareholders			Total Shareholders		
	No. of Holders	Total Holdings	%	No. of Share holders	Total Holdings	%	No. of Share holders	Total Holdings	%
1-1,000	4,438	1,828,737	0.90	15	9,610	0.00	4,453	1,838,347	0.90
1,001-10,000	1,282	4,326,481	2.14	7	29,722	0.02	1,289	4,356,203	2.16
10,001-100,000	310	9,386,384	4.64	6	197,100	0.10	316	9,583,484	4.74
100,001-1,000,000	46	12,157,585	6.02	1	160,000	0.08	47	12,317,585	6.10
Over 10,000,001	6	173,978,456	86.10	-	-	-	6	173,978,456	86.10
Total	6,082	201,677,643	99.80	29	396,432	0.20	6,111	202,074,075	100.00

SHARE INFORMATION

5. Analysis of Shares

As at 31st March	2023		2022	
	No. of Share Holders	No. of shares	No. of Share Holders	No. of shares
Individuals	5,960	27,217,836	5,962	24,672,996
Institutions	151	174,856,239	169	177,401,079
Total	6,111	202,074,075	6,131	202,074,075

6. Market Value Per Share

For the Year Ended 31st March	2023		2022	
	Rs.	Date	Rs.	Date
Highest Value	14.00	17th June 2022	20.30	03rd January 2022
Lowest Value	9.00	10th January 2023	12.90	31st March 2022
Closing Price	11.20	31st March 2023	13.00	31st March 2022

7. Dividends

Interim Dividend 2022/23 - Nil (2021/22 -Rs. 0.80)

Dividend Pay Out Ratio % 2022/23 - Nil (2021/22 - 26%)

Final Dividend 2022/23 - Nil (2021/22 - Rs. Nil)

8. Twenty Largest Shareholders

As at 31st March	Name of the Shareholder	2023	
		No of Shares	%
1	Singer (Sri Lanka) PLC	161,513,035	79.93
2	Employees Trust Fund Board	3,440,878	1.70
3	Mr. Amarakoon Mudiyansele Weerasinghe	3,181,765	1.57
4	Associated Electrical Corporation Ltd	3,147,500	1.56
5	Mr. Atapattu Mudiyansele Chandrasoma Sunil Atapattu	1,626,000	0.80
6	Mr. Mark Lawrence Ajit Benedict	1,069,278	0.53
7	Mrs. Uduwage Dona Deepthika Nilmini Perera	845,284	0.42
8	United Motors Lanka PLC	679,224	0.34
9	Mr. Subramaniam Vasudevan & Mrs. V. Saraswathi	625,000	0.31
10	Mr. Ram Pritamdas, Mr. D. Pritamdas & Miss. L.P. Hathiramani	605,000	0.30
11	Mrs. Vasudevan Saraswathi & Mr. S. Vasudevan	575,000	0.28
12	People's Leasing & Finance PLC/L.P.Hapangama	570,738	0.28
13	Unimo Enterprises Ltd	521,885	0.26
14	Mr. Dadimuni Chatura Pavitra De Silva Siriwardane	480,152	0.24
15	A E C Properties (Pvt) Ltd	440,000	0.22
16	Hatton National Bank PLC/Arunasalam Sithampalam	420,944	0.21
17	Mr. Loku Narangodage Sarath Kumara Samarasinghe	355,000	0.18
18	Mr. Weragoda Vidanelage Nelum Banduka Weragoda	303,438	0.15
19	Mercantile Investments and Finance PLC	296,760	0.15
20	Trading Partners (Pvt) Ltd	273,823	0.14
		180,970,704	89.56
	Others	21,103,371	10.44
		202,074,075	100

As at 31st March		2022	
Name of the Shareholder	No of Shares	%	
1	Singer (Sri Lanka) PLC	161,513,035	79.93
2	Employees Trust Fund Board	3,440,878	1.70
3	Associated Electrical Corporation Ltd	3,147,500	1.56
4	Mr. Amarakoon Mudiyansele Weerasinghe	3,100,000	1.53
5	Sandwave Limited	1,450,000	0.72
6	Mr. Atapattu Mudiyansele 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 & Mrs. V. Saraswathi	625,000	0.31
10	Mr. Ram Pritamdas, Mr. D. Pritamdas & Miss. L.P. Hathiramani	605,000	0.30
11	People's Leasing & Finance PLC/L.P. Hapangama	592,357	0.29
12	Mrs. Vasudevan Saraswathi & 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

Public Holdings

Public holding as at 31st March 2023 is 20.05% (31st March 2022 is 20.05%)

No. of Shareholders representing public holding- 6,109

Float Adjusted Market Capitalization as at 31st March 2023 is Rs.453,777,542.82

The Company is compliant with option 5 of the Listing Rules 7.14.1 (i) (a) - Less than Rs. 2.5 Bn. Float Adjusted Market Capitalization which requires 20% minimum public holding.

10. Share Trading

For the Year Ended 31st March	2023	2022
	Rs.	Rs.
Number of Transactions	4,091	9,804
Number of Shares Traded	9,179,062	22,559,876
Value of Shares Traded (Rs.)	101,652,886	367,996,662

SHARE INFORMATION

11. Record of Scrip Issues

Year Ended 31 st 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 2023 were 24.31% (01 Years Treasury Bond) and 28.11% (05 Years Treasury Bond)

12.1 Trading details of Listed Debentures

A single transaction has taken place and details are as follows,

Type	2021 - Type - B	Traded Price	Rs.97.39
Face Value of a Debenture	Rs.100	Coupon Rate	26.49%
Interest Frequency	Annually	Yield of Maturity	27.65%

12.2 Debenture Proceeds Utilization as at 31st March 2023

Objective as per Prospectus	Amount allocated as per Prospectus in Rs.	Proposed date of utilization as per prospectus	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilized in Rs. (B)	% Utilized against allocation on (B/A)	Clarification if not fully utilized including where the funds are invested
Improve and further strengthen the Capital Adequacy Ratio (CAR) of the Company	Rs.1,000,000,000 with an option to raise a further Rs.1,000,000,000, in the event of oversubscription of the initial issue	25th June 2021	2,000,000,000	100%	2,000,000,000	100%	N/A
To facilitate future expansion of business activities of the Company							

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 2022/23 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	<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 751 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 ▣ 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
<p>Shareholders/ Investors</p> <p>We manage our business to provide returns that correspond to the risks undertaken by these stakeholders while balancing interests of other stakeholders.</p>	<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
<p>Business Partners, Suppliers & Financiers</p> <p>We engage with over 450 suppliers, business partners and financiers</p>	<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
<p>Government/ Regulator</p> <p>The government facilitates a conducive environment for entities to carry out business activities</p>	<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
<p>Communities</p> <p>We engage with the community through CSR activities and developing community equity</p>	<ul style="list-style-type: none"> ■ Specific engagement activities ■ 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

GLOSSARY OF FINANCIAL TERMS

A

Accounting Policies

Specifies principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

Accrual Basis

Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

Accrual Gain/(Loss)

Gain or loss arising from the difference between estimates and actual experience in an entity's pension plan.

Amortised Cost

Amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction for impairment or un-collectability.

Amortization

The expense of writing off over a fixed period, the initial value of Intangible assets such as goodwill, patents etc.

B

Basis Points

One hundred of a percentage point (0.01 per cent); 100 basis points is 1 percentage 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.

GLOSSARY OF FINANCIAL TERMS

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 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 obliger 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.

GLOSSARY OF FINANCIAL TERMS

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.

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 SIXTEENTH ANNUAL GENERAL MEETING OF SINGER FINANCE (LANKA) PLC will be held on Tuesday, 27th June 2023 at 1.30 PM at the Conference Hall of Hayleys PLC, No. 400 Deans Road, Colombo 10 for the following purposes:

AGENDA


1. To consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon.
2. To re-elect as a Director Ms. Darshini Talpahewa who retires by rotation at the Annual General Meeting in terms of Articles 24(4) of the Articles of Association of the Company.
3. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. J M J Perera in terms of Section 211 of the Companies Act No. 07 of 2007.

Ordinary Resolution

'That Mr. Joseph Micheal Jayanth Perera, who has attained the age of seventy years be and is hereby re-appointed as a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to him'.

4. To authorise the Directors to determine donations and contributions to charities for the ensuing year.
5. To re-appoint Messrs KPMG, Chartered Accountants as the Auditors of the Company for the year 2023/24 and to authorise the Directors to determine their remuneration.
6. To consider any other business of which due notice has been given.

By Order of the Board
SINGER FINANCE (LANKA) PLC



Mr. Lasitha Dias
Company Secretary

Colombo
05th June 2023.

Notes:

1. The Annual Report of the Company for 2022/23 is available on the corporate website www.singerfinance.com and on the Colombo Stock Exchange website - www.cse.lk
2. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/herself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at No. 498, R. A De Mel Mawatha, Colombo 03, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.
3. A shareholder who requires a hard copy of the Annual Report must post or handover the duly completed 'Request Form - Annexure A' to the office of the Company Secretary.

FORM OF PROXY

SINGER FINANCE (LANKA) PLC

[Company Registration No. PB 813 PQ]

I/We*

(full name of shareholder**) NIC No./Reg. No. of Shareholder

of

being Shareholder/Shareholders* of SINGER FINANCE (LANKA) PLC hereby appoint:

(1)

(full name of proxyholder**) NIC No. of Proxyholder (**)

of

or, failing him/them

- 2) MAHAWADUGE YASALAL ARAVINDA PERERA (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our proxy to attend and vote as indicated hereunder for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held on Tuesday, 27th June 2023 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

		For	Against
1.	To adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2.	To re-elect as a Director Ms. Darshini Talpahewa, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
3.	To re-appoint Mr. Jayanth Perera, in terms of Section 211 of the Companies Act No. 07 of 2007	<input type="checkbox"/>	<input type="checkbox"/>
4.	To authorise the Directors to determine donations and contributions to charities for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
5.	To re-appoint Messrs KPMG, Chartered Accountants as the Auditors of the Company for the year 2023/24 and to authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this day of2023.

.....

Signature of Shareholder

Instructions are given overleaf

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION:

1. The completed Form of Proxy must be deposited with the Company, No. 498, R. A De Mel Mawatha, Colombo 03 not less than forty-eight (48) hours before the start of the meeting. Delayed Proxy Forms shall not be accepted.
2. A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/her and the Proxy need not be a Shareholder of the Company.
3. Full name of Shareholder/Proxy holder and their NIC Nos. are mandatory. Your Proxy Form will be rejected if these details are not completed.
4. A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
5. The duly completed Form of Proxy must be dated and signed by the Shareholder.
6. Please indicate with an "X" in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy can vote as he/she thinks fit.
7. In the case of a company/corporation the proxy must be executed in the manner prescribed by its Articles of Association or by a duly authorised Director.
8. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
9. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.

SHAREHOLDER FEEDBACK FORM

It is the endeavour of the Singer Finance (Lanka) PLC to ensure maximum satisfaction of its shareholders. In order to enable us to continually improve upon the quality of services provided, we try to seek your feedback on the level of satisfaction derived by you on the basis of your interaction with us. Your feedback will help us in further improvement of our services to match your expectations.

Please direct all feedback to the Company Secretary by filling this form:

Mr. Lasitha Dias,

Company Secretary for Singer Finance (Lanka) PLC,
No. 498, R. A De Mel Mawatha,
Colombo 03, Sri Lanka.

Kindly rate our services on various parameters by ticking any one box in each row:

Timely receipt of:				
Annual Reports	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Dividend	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Other documents/ correspondence	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Quality and Contents of Annual report:				
Report on Corporate Governance	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
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

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 (Pvt) Ltd
Telephone: 94-11-2627000

Secretaries

Mr. Lasitha Dias
Telephone: 94-11-2100161

Lawyers

Neelakandan & Neelakandan
Attorneys-at-Law & Notaries Public M&N Building (Level 5)
No.02, Deal Place, Colombo 03.

Directorate

Mr. Aravinda Perera	- Chairman/NED
Mr. Jayanth Perera	- Senior INED
Mr. Thushan Amarasuriya	- CEO/ED
Ms. Darshini Talpahewa	- NED
Mr. Mahesh Wijewardene	- NED
Mr. Ranil De Silva	- INED
Mr. Saman Herath	- INED

Senior Management

Mr. Thushan Amarasuriya
Chief Executive Officer

Mr. Iman Perera
Chief Operating Officer

Mr. Lasitha Dias
Head of Strategic Planning and Company Secretary

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 and Group Sales

Mr. Suranga Jayaweera
Senior Manager - Compliance

Mr. Joe Wijeyegoonewardene
Head of Deposits

Mr. Niranjan Sethunga
Head of Recoveries

Ms. Harshani Mapatuna
Head of Legal

Mr. Pradeep Boange
Head of Branch Business Development

Accounting Year

31st March

Registered Office

No. 498, R. A De Mel Mawatha, Colombo 03. Telephone:
94-11-2400400 Fax : 94-11-2303715
E-mail- financecompany@singersl.com

Company registration Number

Old – N (PBS) 1171 New – PB 813 PQ

Tax Payer Identification Number

134011718

Bankers

Bank of Ceylon
Commercial Bank of Ceylon PLC
Deutsche Bank
Hatton National Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC
Seylan Bank PLC
Muslim Commercial Bank
Cargills Bank
Pan Asia Banking Corporation PLC
DFCC Bank PLC

