



HEADING TOWARDS A BETTER  
**TOMORROW**  
WITH CONFIDENCE



ANNUAL REPORT 2024/2025

“ Progress is the paramount to our goals.

We are building on our past success, overcoming challenges  
with confidence towards reaching our maximum potential,  
to best serve our stakeholders. ”



**Abans**  
FINANCE

- Fixed Deposits
- Savings
- Leasing
- Auto Drive
- Vehicle Loans
- Personal Loans
- Education Loans
- Mortgage Loans
- Gold Loans

446

**Abans** **Abans FINANCE PLC**  
FINANCE

Car Park

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## Corporate Information

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# About Us

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## Our Vision

Be Among the Most Trusted, Innovative and Secure Financial Solutions Providers in the Industry.

## Our Mission

Satisfy the Consumer Through Innovative Products, Personalized Service and a Wide Range of Financial Solutions by the Use of Technology, Maximizing Synergies with the Abans Group, Empowering Employees, thereby Creating Wealth, Fueling Growth and Adding to Stakeholder Value.

## Organizational Profile

Abans Finance PLC Locally Acclaimed Non-Banking Financial Institution in Sri Lanka Has Become a People-Oriented Non-Banking Financial Service Provider with the Group Synergetic Affiliation of Abans Group. Abans Finance PLC was Incorporated on 8 April 2005 under the Companies Act No. 17 Of 1982 and was Re-Registered under the New Companies Act No.7 Of 2007, on 15 June 2009. The Company Was Also Listed on the Colombo Stock Exchange (CSE) in the Year 2011 and Continu- Ously Regulated under the Direct Purview of the Central Bank of Sri Lanka and Colombo Stock Exchange. Current Fitch Credit Rating of the Company is A- (lka) Stable Outlook.

The Company Commenced Operations Initially as A Registered Finance Leasing Establishment under the Finance Leasing Act No.56 of 2000 on 19 April 2006 and Thereafter Obtained Finance Company License in Terms of the Finance Companies Act No.78 of 1988 with an Initial Capital of Rs. 382 Million on 27 August 2007.

The Company in its Successful Bourgeoning Journey thus far Strengthened the Bond with its Customers by Providing A Wide Spectrum of Solutions in its Portfolio Ranging from Leasing and Hire Purchase, Fixed Deposits, Savings and Loans.

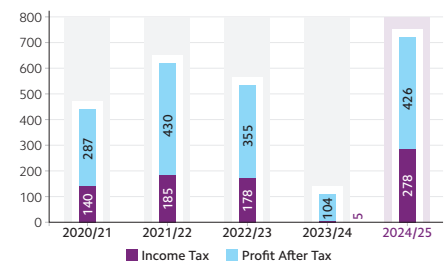
Abans Finance PLC's Branch Network Plays A Pivotal Role in Value Creation, Spreading Across the Country. It Consists of Nineteen Branches Extended its Visibility Through the Backing of its Parent Company Abans PLC's 400 Outlets.

# Financial Highlights

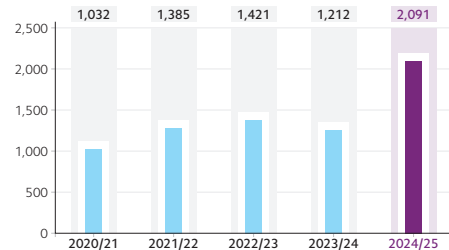
	2024/2025 Rs.	2023/2024 Rs.	Change (%)
<b>Financial Performance (Rs. '000)</b>			
Income	3,457,210	2,863,208	20.75%
Net interest Income	2,091,374	1,212,448	72.49%
Net Fee and Commission Income	315,703	178,298	77.07%
Total Operating Income	2,481,213	1,438,951	72.43%
Profit After Tax	425,756	104,338	308%
<b>Financial Position at the Year End (Rs. '000)</b>			
Total Assets	13,484,927	11,010,321	22.48%
Total Loans and Advances to customers	11,069,928	7,691,022	43.93%
Public Deposits	8,449,847	6,366,848	32.72%
Borrowings	155,027	663,298	-76.63%
Shareholders' Funds	3,502,463	3,079,118	13.75%
<b>Profitability (%)</b>			
Return on Assets	5.86%	2.73%	110.37%
Return on Equity	12.94%	3.45%	275.01%
Net Interest Margin	17.28%	11.01%	56.92%
Cost to Income Ratio	45.20%	58.55%	-22.80%
<b>Investor Information</b>			
Earnings Per Share (Rs.)	5.78	1.42	306.86%
Price to Earnings Ratio (Times)	7.67	14.83	-48.30%
Net Assets Value per share (Rs.)	47.53	41.78	13.76%
Market Value per share (Rs.)	44.3	21.0	110.95%
Market Capitalization (Rs. '000)	3,264,607	1,547,556	110.92%
<b>Regulatory Ratios</b>			
<b>Capital Adequacy</b>			
Tier 1 Capital Ratio, % (Minimum 8.5% / 7%)	22.68%	21.81%	3.99%
Tier 2 Capital Ratio, % (Minimum 12.5% / 11%)	22.68%	21.81%	3.99%
Statutory Liquid Assets Ratio, (%)	15.64%	32.30%	-50.70%
Capital Funds/Total deposit liabilities	41.45%	39.80%	4.15%

# Financial Highlights

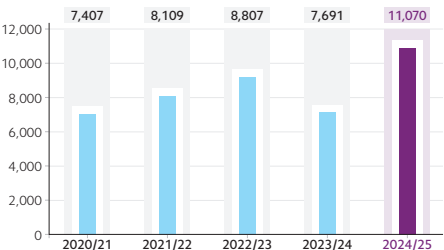
Profits (LKR M)



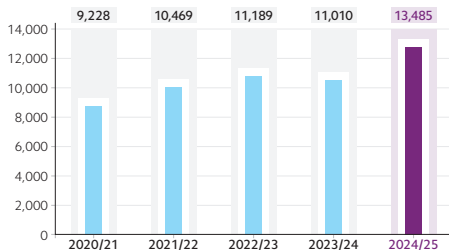
Net Interest Income (LKR M)



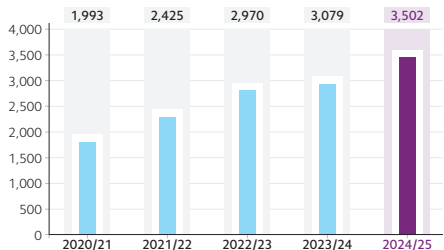
Net Loans & Advances (LKR M)



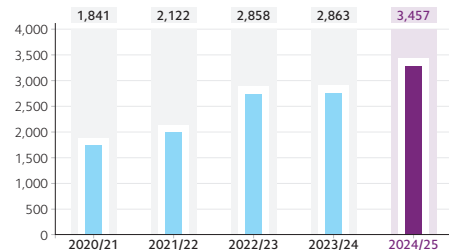
Total Assets (LKR M)



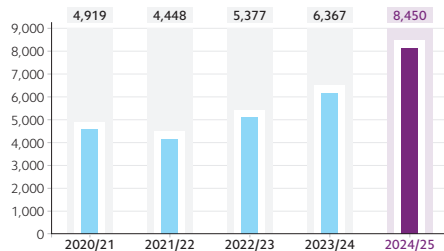
Shareholders' Funds (LKR M)



Gross Income (LKR M)



Due to Customers (LKR M)





# Chairman's Message

## Abans Finance achieves LKR 425Mn PAT in FY 25

Abans Finance PLC has reported outstanding financial results for the year ending 31st March 2025, reinforcing its status as a resilient and growth-oriented member in Sri Lanka's non-banking financial services sector. The Company recorded a total income of Rs. 3.46 billion, a significant increase from Rs. 2.86 billion in the previous financial year. This 21% year-on-year growth was primarily fuelled by enhanced lending operations and asset portfolio expansion, which resulted in interest income rising to Rs. 3.03 billion from Rs. 2.61 billion. The Company's net interest income surged by 72% to reach Rs. 2.09 billion, up from Rs. 1.21 billion in the previous year, reflecting effective risk management strategies and an improved cost-of-funds position. This strong income growth laid the foundation for an equally impressive rise in profitability.

Abans Finance PLC's net operating income almost doubled, climbing from Rs. 1.06 billion to Rs. 2.07 billion, while operating profit before tax rose to Rs. 951 million, a remarkable 344% increase from the Rs. 214 million recorded in FY 2023/24. Profit after tax stood at Rs. 426 million, compared to Rs. 104 million, marking a 308% year-on-year growth. The strength of the balance sheet was equally compelling. As of 31st March 2025, total assets rose to Rs. 13.48 billion, up 22% from Rs. 11.01 billion from previous year. Customer deposits grew to Rs. 8.45 billion from Rs. 6.37 billion, indicating rising public trust in Abans Finance's secure and attractive deposit products. Shareholders' equity strengthened to Rs. 3.5 billion, compared to Rs. 3.08 billion in the prior year. The Company nearly doubled its retained earnings from Rs. 912 million to Rs. 1.74 billion, on its outstanding profit performance and on improved loan loss provisioning status of the company, enhancing the overall equity profile.

Diversification of the lending portfolio into various sectors and geographic areas together with strategies used in managing the concentration risk has further stabilized the quality of the lending portfolio and facilitated maintaining a healthy liquidity position. The launch of gold loans and diversification into electric vehicles are the key diversifications for the year under review. The proposed conversion of all existing centers into branches would be a key turning point in client service.

With a robust capital base, expanding asset portfolio, and consistent profitability, Abans Finance PLC is well-positioned to explore new growth avenues, and address evolving customer needs in the financial services sector. The company is moving towards a paperless workplace, with most transactions completed on tabs and through customized software, that has been developed within the company.

I take this opportunity to convey my gratitude to my colleagues on the board for their perseverance in strategic decisions that have taken so far to accomplish the greater financial performances. My commendation goes to the corporate management team and to all staff members for delivering exceptional results. I would also like to thank our regulators for their continuous governance and implementing initiatives to strengthen the financial services sector and KPMG, who is our external auditor, for the timely assurance services provided. Finally, I would like to convey my gratitude to all our clients and other stakeholders for their valuable patronage and trust they kept in us on our journey thus far.



**Mr. K. J. Cecil Perera**  
Chairman

Colombo, Sri Lanka.

18<sup>th</sup> August 2025



# Acting Chief Executive Officer's Message

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**It is my pleasure to present to you the Annual Report and Financial Statements for the year ended 31 March 2025.**

## **Performance and Outlook of Sri Lanka's NBFi Sector 2024/25**

Sri Lanka's Non-Bank Financial Institution (NBFI) sector showed a notable rebound in FY 2024/25, following a challenging macroeconomic period during 2022 and early 2023. With the stabilization of the economy, declining inflation, improved monetary conditions, and regulatory consolidation, the NBFI sector regained momentum, contributing significantly to financial inclusion and private sector credit growth. The Sri Lankan economy demonstrated strong signs of recovery in 2024, recording GDP growth of approximately 5%. Inflation, which had peaked in previous years, turned negative by late 2024, and credit to the private sector grew by over 10%. These macroeconomic improvements directly benefited the NBFI sector, which had previously faced asset quality deterioration and subdued lending. Lending activities picked up pace, supported by declining interest rates and improved borrower confidence. Non-performing loan (NPL) ratios, while still elevated in some segments, began to stabilize as borrowers resumed repayments. NBFIs reported growth in both their asset bases and deposit mobilization. With improving credit quality and lower funding costs, many NBFIs recorded higher profitability compared to the prior fiscal year.

The Central Bank of Sri Lanka (CBSL) reduced policy rates by around 150 basis points in 2024. This reduced borrowing costs for NBFIs and increased credit demand across SME and retail segments. CBSL's NBFI Sector Consolidation Masterplan led to mergers, acquisitions, and the cancellation of licenses of weaker institutions, creating a more stable and efficient sector. The adoption of digital platforms, including mobile apps, QR-based payments (e.g., LankaQR), and blockchain-enabled services, enhanced operational efficiency and widened the customer base. The expansion of digital financial

services and micro-lending allowed NBFIs to reach underserved segments, particularly in rural areas. The sector saw increased investor interest in NBFI stocks, with many trading below book value despite improved fundamentals.

While asset quality is improving, certain segments, particularly vehicle leasing and SME lending, still exhibit elevated credit risk. NBFIs lack parate execution rights (unlike banks), which hinders their ability to recover collateral from defaulting borrowers efficiently. Smaller NBFIs continue to experience liquidity constraints and struggle to meet capital adequacy norms. The sector remains vulnerable to external shocks, exchange rate volatility, and sudden shifts in fiscal or monetary policy.

As economic activity normalizes and interest rates stabilize, demand for credit, particularly from SMEs and consumer finance, is expected to remain robust. CBSL is expected to implement Phase II of its NBFI sector reforms, including updates to the Finance Business and Leasing Acts, strengthening governance and risk oversight. The continued rollout of digital tools such as GovPay (launched in early 2025) and enhancements to LankaQR are expected to improve access to financial services and reduce transaction costs. Further mergers and acquisitions are likely, creating a smaller but more resilient sector.

The NBFI sector in Sri Lanka demonstrated a resilient and measured recovery in FY 2024/25, leveraging macroeconomic stability, regulatory support, and digital innovation. While the operating environment has improved considerably, NBFIs must continue to manage asset quality risks, enhance legal recovery mechanisms, and adopt strong governance practices. With continued reforms and prudent risk management, the sector is well-positioned for sustainable growth in FY 2025/26 and beyond.

## Acting Chief Executive Officer's Review (Contd.)

### Abans Finance PLC -Operating results FY 2024/25

Abans Finance PLC delivered a record-breaking financial performance in the fiscal year ended 31st March 2025, reflecting strong strategic execution, effective risk management, and favorable macroeconomic conditions. The company demonstrated significant growth across all key financial indicators, establishing its position as one of the leading players in Sri Lanka's non-bank financial services sector.

For FY 2024/25, Abans Finance reported a total income of LKR 3.46 billion, marking a 21% increase from the previous year. The rise was primarily driven by higher interest income, which reached LKR 3.03 billion, reflecting the company's expanding loan book and diversified lending portfolio. The company's net interest income (NII) saw a remarkable 72% year-on-year increase, climbing to LKR 2.09 billion from LKR 1.21 billion. Net operating income nearly doubled, growing from LKR 1.06 billion in FY 2023/24 to LKR 2.07 billion in FY 2024/25. This exceptional performance translated into a 344% surge in profit before tax (PBT), which rose from LKR 214 million to LKR 951 million. Profit after tax (PAT) also experienced a substantial increase, reaching LKR 426 million, a 308% improvement over the previous year.

### Balance Sheet Strength

Abans Finance further strengthened its financial position during the year. Total assets grew by 22%, reaching LKR 13.48 billion, while customer deposits increased by 33% to LKR 8.45 billion, reflecting strong public trust in the institution. Shareholders' equity improved to LKR 3.5 billion, up from LKR 3.08 billion, and retained earnings nearly doubled to LKR 1.74 billion, underscoring the company's improved profitability and reinvestment capability.

Several strategic initiatives contributed to the company's outstanding results. The introduction and expansion of targeted loan product, such as gold loans, and electric vehicle (EV) financing helped broaden the company's customer base. Enhanced credit assessment and risk mitigation processes led to improved asset quality and lower delinquency rates. Effective deposit campaigns and strong brand credibility contributed to a substantial increase in retail and institutional deposits. Prudent cost control and digitization helped improve operational margins and service delivery.

### Abans Finance: Navigating Risk, Driving Sustainable Growth, and Ensuring Profitable Resilience

Abans Finance PLC has made significant strides in risk mitigation while simultaneously focusing on sustainable growth and profitability. This strategic balance has been a key driver behind the company's strong performance during the financial year 2024/2025, and its long-term vision is centered on sustaining growth with a strong emphasis on sustainable finance. To minimize exposure and safeguard its investments, Abans Finance has adopted a small-ticket loan and lease model. By providing smaller loans and leases, the company reduces the individual risk exposure, making the portfolio more resilient to defaults. Smaller loan amounts are easier to recover, and they allow for greater market diversification, covering a larger number of clients and sectors. A strong post-credit evaluation system has been implemented to monitor the performance of loans after disbursement. This continuous monitoring process involves regular assessments and early detection of potential repayment issues. The information gathered from these evaluations is fed back to the Loan Origination and Marketing Departments, enabling them to adjust credit criteria, enhance risk profiles, and fine-tune marketing strategies. This feedback loop ensures that the company adapts quickly to market changes and mitigates future credit risk effectively.

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To safeguard investments, Abans Finance conducts frequent market stress tests, particularly in the event of changes in collateral values. These stress tests help assess the impact of market fluctuations on the value of collateral backing loans, ensuring that the company can act swiftly in high-risk areas. Should the value of collateral decrease, the necessary actions such as adjusting loan terms or initiating early recovery steps are taken to protect the company's investments and maintain a stable portfolio.

Abans Finance has built a comprehensive follow-up mechanism, ensuring consistent communication and collection efforts. This process starts with the Call Center, which conducts timely reminders and checks on loan repayment status and subsequently handled by recoveries and prelegal recovery officers in case of delinquency increases. If necessary, the issue escalates to the Legal Department for further action, including legal recovery processes. This multi-layered approach minimizes delinquencies and ensures that the company's receivables remain in good standing. In an effort to reduce risk concentration, Abans Finance is constantly working to diversify its portfolio. This includes the introduction of the Gold Loan product, which has been successfully rolled out in select branches and is now expanding to more locations. This expansion not only mitigates risk by diversifying the financial products but also caters to the growing demand for quick, asset-backed loans. As part of its commitment to sustainable finance, Abans Finance is prioritizing investments that contribute to environmental sustainability and reduced carbon emissions.

A key area of focus has been electric vehicles (EVs), with the company increasing its portfolio value in this segment by nearly LKR 1 billion. This not only aligns with the global shift towards cleaner energy but also reflects the company's dedication to long-term sustainability goals. The recent lifting ban on vehicle imports has created an opportunity for Abans Finance

to significantly expand its share of unregistered vehicle financing. This strategy will see the company increasing its portfolio of unregistered vehicles, which includes all vehicle models, thus tapping into a previously underserved market. This shift not only diversifies the company's offerings but also strengthens its position in the evolving vehicle financing landscape.

### Outlook and Strategic Direction

Looking ahead to FY 2025/26, Abans Finance is well-positioned to capitalize on continued economic recovery and growth in the financial services sector. The company plans to Expand its portfolio further, especially in emerging segments such as EV financing and micro-enterprise support. Enhance geographic reach through selective branch expansion and agent networks. Invest in digital transformation to improve customer experience and operational scalability. Maintain a strong capital base, supported by its 'A-(lka)' credit rating from Fitch Ratings. 2024/25 was a transformative year for Abans Finance PLC. The company's exceptional performance was driven by a well-executed growth strategy, disciplined financial management, and a firm commitment to customer-centric service. With a strengthened balance sheet, robust profitability, and forward-looking strategic initiatives, Abans Finance is poised for sustained growth and long-term value creation in Sri Lanka's evolving financial services landscape.

As we conclude another financial year, I take this opportunity to reflect on our journey and outline the path ahead for Abans Finance. Our primary objective for the upcoming financial year is to strategically position ourselves as a medium-sized finance company with a portfolio exceeding Rs. 20 billion. Achieving this milestone will require a focused expansion in our core areas, particularly small-ticket leasing products such as motorbikes and three-wheelers, where we see strong potential and growing demand.

## Acting Chief Executive Officer's Review (Contd.)

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In tandem with this, we remain committed to enhancing the value of our gold loan and four-wheeler portfolios, recognizing the significance of a balanced and diversified asset base. Another key priority will be cross-selling to our existing customer base, unlocking value through tailored financial solutions that address evolving customer needs.

Equally important is our goal to grow the savings and investment segment of our business. We intend to promote a culture of savings among our customers, leveraging the investment and savings plans introduced by the company. These products will be instrumental in deepening customer relationships and building long-term financial security for our clients.

As we look to the future with optimism, I would like to take a moment to express my heartfelt gratitude to all our stakeholders, our shareholders, Chairman, Former CEO Mr. Dharshan Silva and Board of Directors, the regulatory bodies, particularly the Central Bank of Sri Lanka, our beloved customers both deposit holders and Lending customers who have been with us throughout both in good and difficult times, most importantly,

our dedicated employees who are the foundation and backbone of this organization. The success we celebrate today would not have been possible without your unwavering commitment and hard work.

Thank you all for being part of our story. We look forward to achieving even greater milestones together in the year ahead.

Thank you again, stay safe.



**Upul Gunasekara**

**Acting Chief Executive Officer (ACEO)**

Colombo, Sri Lanka

19<sup>th</sup> August 2025

# Management Discussion and Analysis

## Economic Overview

In the last year, Sri Lanka made a remarkable progress in the economic recovery, marked by increased stability, improved macroeconomic indicator, and the successful completion of external debt restructuring, regain creditworthiness. Post – crisis reforms have begun to yield results, with signs of improved economic activity, partial restoration of purchasing power, and reduce uncertainty. The new government, committed to the IMF program and structural reforms, further boosted investor confidence. However, the economy remains fragile and unstable to external shocks, with global conditions and geopolitical risks continuing to pose significant challenges to sustain recovery of the country.

Driven by the growth in nominal GDP and the decline in mid-year population, GDP per capita increased to Rs. 1,364,235 in 2024, compared to Rs. 1,244,262 in 2023. Meanwhile, GNI per capita also increased to Rs. 1,330,255 in 2024, compared to Rs. 1,206,441 in 2023. In US dollar terms, GDP per capita in 2024 was 4,516, compared to 3,801 in 2023, while GNI per capita was 4,404, compared to 3,685 in 2023.

Source : CBSL

## Sector performance of Non-Bank Financial Institutions, Licensed Finance Companies (LFCs) and Specialized Leasing Companies (SLCs)

The Finance Company sector in Sri Lanka plays a vital role within the national financial system, functioning as a key conduit for credit intermediation and promoting financial inclusion. As of 31 March 2025, the sector's total asset base amounted to LKR 2,089 billion, with loans and advances representing the largest component at 79.1%, underscoring the sector's primary focus on lending activities.

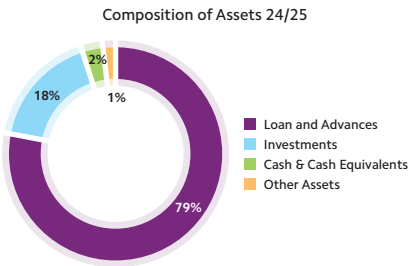
On the liabilities side, the sector is chiefly funded through deposits and borrowings, which together form the cornerstone of its funding framework. Deposits are predominantly structured as time deposits, while borrowings are mainly secured through term loans and securitization facilities.

Over the past six years, the sector has exhibited resilience and consistent growth, marked by notable improvements in asset quality and credit expansion. These developments reflect the sector's adaptability and its continued significance in facilitating economic activity across a broad range of market segments.

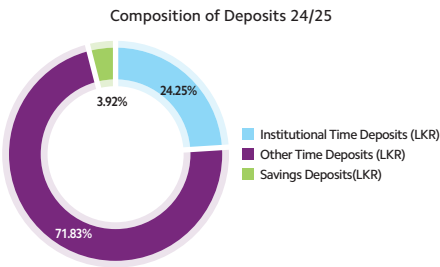
## Assets composition of Licensed Finance Companies, Rs. in Bn

The Finance Company sector has exhibited steady growth in its asset base over the past six financial years, reflecting its resilience and capacity to adapt within a dynamic economic landscape. As of 31 March 2025, the sector's total assets reached LKR 2,089 billion, representing a substantial increase from LKR 1,393 billion recorded in FY 2019/20. This upward trajectory highlights the sector's strategic emphasis on expanding core operations and reinforcing its overall financial stability.

The composition of total assets as of 31 March 2025 is outline below, providing further insight into the sector's asset structure.

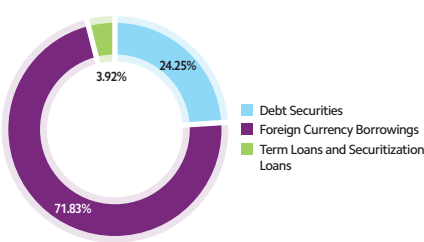


## Composition of Deposits of the LFCs Sector



# Management Discussion and Analysis (Contd.)

Composition of Deposits 24/25



**Assets:** Over the past six financial years, the Finance Company sector has demonstrated consistent growth in its asset base, reflecting its resilience and adaptability within an evolving economic environment. As of 31 March 2025, the sector's total assets amounted to LKR 2,089 billion, a notable increase from LKR 1,393 billion in FY 2019/20. This sustained growth underscores the sector's strategic focus on expanding its core business operations and enhancing its overall financial position.

**Liabilities:** Deposits are primarily composed of Time Deposits (71.4%) and Institutional Time Deposits (24.1%), while borrowings are largely made up of Term Loans and Securitization Loans (74.7%), with smaller contributions from Overdraft Facilities (7.3%) and Debt Securities (7.6%). The sector's total deposits have steadily increased from Rs. 763 billion in FY 2019/20 to Rs. 1,120 billion in FY 2024/25, reflecting greater public confidence and the ability to attract depositors through competitive rates. Borrowings, which fluctuated in response to market conditions, rose to Rs. 357 billion in FY 2024/25 after a decline in FY 2023/24, indicating renewed access to credit and capital markets.

**Profitability:** The profitability of the Finance Company (FC) sector was primarily driven by a 24.3% year-on-year increase in net interest income, which rose to Rs. 191.8 billion. In contrast, non-interest income recorded only a marginal growth of 1.4%, highlighting the sector's continued reliance on core lending activities for revenue generation. The sector's Return on Assets (ROA) and Return on Equity (ROE) improved to 6.1% and 13.5%, respectively, reflecting enhanced operational performance and more effective capital utilization. Furthermore, the efficiency ratio declined to 50.8%, indicating better cost management and improved operational efficiency across the sector.

**Capital:** The sector's capital base expanded by 8.6%, reaching Rs. 357.4 billion as at 31 March 2025. Both the core capital ratio and total capital ratio stood at 20.4% and 21.2%, respectively—well above the minimum regulatory requirements. This strong capital position reflects the sector's continued focus on maintaining financial resilience, supporting risk absorption capacity, and enabling sustainable growth.

## AFPL Performance During the Year 2024/25

### Marketing Plan & Strategies

Sri Lanka's economy showed clear signs of recovery in 2024, achieving GDP growth after several years of economic instability. The financial services sector experienced a pivotal transition during the FY 2024/25 period. Leasing continues to be the core business of Abans Finance PLC, with a strong focus on registered two-wheelers and three-wheelers. To strengthen this segment, the company implemented a mixed marketing strategy and recorded a moderate increase in four-wheeler leases.

Furthermore, with the government lifting the restriction on vehicle imports after five years, the company is now positioned to expand its leasing services to include unregistered vehicles, particularly motorcycles and three-wheelers. As part of its strategic diversification methods, Abans Finance PLC launched its Gold Loan product in December 2024, with the inaugural operation established at the Gampaha branch. These expansions are part of a phased rollout plan aimed at strengthening the company's presence in high-potential regions across the country and growing market share.

### Market Penetration

Abans Finance PLC regularly updates its credit policies to meet the market changes. These updates are based on competitor analysis and market information. Department heads are responsible for reviewing and adjusting these policies to stay competitive and meet market needs.

### Training

At Abans Finance, we believe our people are the driving force behind our success, and we take pride in enhancing their growth and potential. The Human

Resources Department is dedicated to providing continuous training and educational opportunities to enhance employee performance and leadership skills by identifying gaps in product knowledge, skills, and talent. In line with CBSL guidelines, high-potential employees were also identified and offered ongoing training and workshops as part of the company's structured succession planning process.

**Marketing Communication**

The company adopts a strictly Below-The-Line (BTL) marketing communication strategy, focusing on highly targeted and measurable promotional activities. These efforts are strategically designed to enhance brand awareness and engagement within clearly defined target segments, ensuring efficient resource utilization and direct impact on conversion and customer acquisition.

**Recovery Strategies**

During the financial year 2024/25, the Recoveries Division took significant strides to enhance operational efficiency, customer engagement, and recovery outcomes. A core focus was placed on strengthening both the Call Center and Field Operations teams to ensure a more strategic and empathetic approach to collections.

The collection call center was empowered through comprehensive training programs aimed at improving negotiation skills, customer service excellence, and staff motivation. These efforts helped build a more confident and capable team that could effectively communicate with customers while maintaining a professional and empathetic approach.

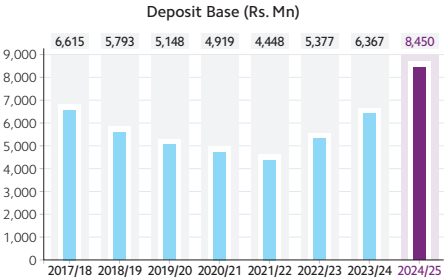
Simultaneously, field officers were given targeted support to enhance their ability to handle complex customer interactions. Training sessions focused on negotiation tactics and strategies for managing challenging customer behaviors in the field. This initiative greatly contributed to improving on-ground recovery performance and customer satisfaction.

In parallel, the Pre-Legal Recoveries Division was revitalized through the appointment of a new leadership team with extensive experience in debt recovery. This strategic move brought fresh insights and direction to the unit. Additionally, collaborative support from the legal team ensured that the pre-legal recovery process was not only efficient but also aligned with regulatory and ethical standards.

Together, these initiatives helped the Recoveries Division to maintain strong performance, reduce delinquency rates and build more sustainable customer relationships through respectful and strategic engagement.

**Deposits**

Customer deposits continued to maintain dominance as the main source of funding to finance the business operations of Abans Finance PLC. Deposits played the major role in funding mix during the year under review. During the financial year ended 31st March 2025, the company recorded a growth of 32.72% of the deposit base. The total new deposits including renewals reached over Rs. 8.45 billion with a net increase of Rs. 2,083Mn. The company has been able to achieve a retention ratio of 79.85% during the financial year 2024/2025.



**Financial Review**

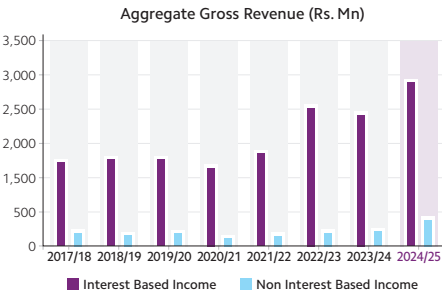
Abans Finance PLC recorded a commendable performance during FY 2024/2025 despite the challenging macro-economic landscape. The Company recorded a net profit after tax of Rs. 425.76 million as compared to Rs. 104.33million with a 308% increase of YoY mainly due to the significant increase in lending operations and asset portfolio expansion.



# Management Discussion and Analysis (Contd.)

## Revenue

The total aggregate Gross Revenue of the Company showed an increase of 20.75% to reach Rs. 3.46 billion in the year under review. The components of gross revenue consist of items of income that are 'Interest based' and 'non-Interest based'.

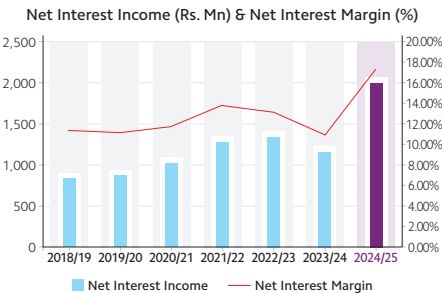


Interest based items of the revenue consist of interest income earned from Finance leases, Hire Purchase, Loans and Advances, Gold Loan and interests earned from the investments. Non-Interest based sources of Income consist of fee and commission income, net gain/(loss) from trading and other operating income.

The interest earned on Finance Leases and Loans and Advances contributed 95.31% as compared to the corresponding year 91.21% to the main source of income.

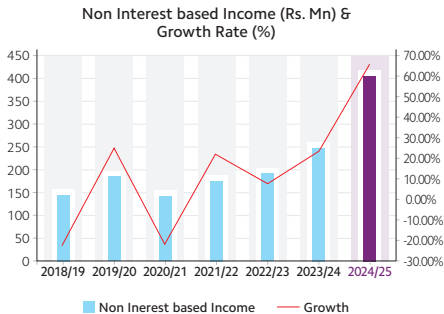
## Net Interest Income (NII) / Net Interest Margin (NIM)

The Company managed to record a Net Interest Income (NII) of Rs.2.09 billion in 2024/25 compared to Rs.1.21 billion in 2023/24. The company recorded a NIM of 17.28% as at March 2025, with a significant increase of 56.92% from the achieved NIM of 2023/24.



## Non-Interest Based Income

The Company recorded non-Interest based income of Rs. 424.7 million during FY 2024/25, compared to Rs.256.9 million recorded in FY 2023/24, reflecting a growth of 65% YoY.

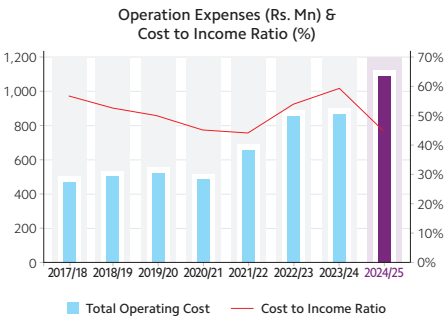


## Operating Expenses

Operating Expenses including Personnel Costs, Depreciation and Amortization and Other Operating Expenses which stood at Rs. 842.4 million in 2023/24, increased to Rs. 1.1 billion by March 2025, reflecting an increase of 33.1% due to significant increase of lending operations of the company.

## Cost to Income Ratio

The Cost to Income ratio which stood at 45.2% by March 2025 recording an decrease of 22.80% from the corresponding period ended 31st March 2024.



### Credit Loss Expense on Financial Assets

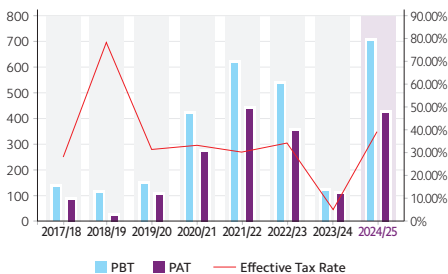
Impairment charge for the year has increased to Rs.408.3 million from Rs.382.4 million compared corresponding period ended 31st March 2024, recording an increase of 6.78%.

### Profitability and Taxation

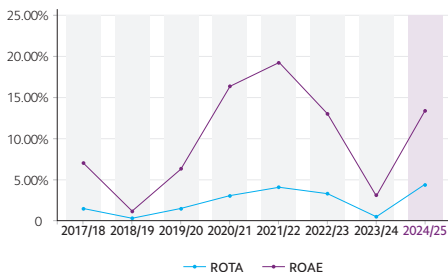
The profit before tax for the year reached a total of Rs.703.6 million compared to Rs.109.4 million recorded in financial year 2023/24, recording a significant increase of 543% YOY. The corporate tax expense for the year amounted to Rs. 277.9 million has resulted in profit after tax to remain at Rs. 425.7 million.

The Taxes on Financial services which include Value Added tax (VAT) increased by 136.8% amounting to Rs.247.7 million compared to Rs.104.6 million the year 2023/24. The Company has recorded Return on Total Assets (ROA) and Return on Equity (ROE) of 5.75% and 12.9% as opposed to the recorded 2.73% and 3.45% in 2023/24.

Profit and tax (Rs. Mn)



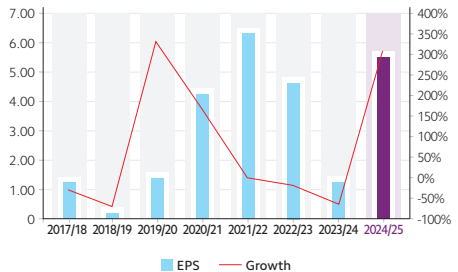
Profitability (%)



### Earnings Per Share (EPS)

The EPS for 2024/25 stood at Rs. 5.78 per ordinary share in issue, as opposed to Rs. 1.42 reported in 2023/24.

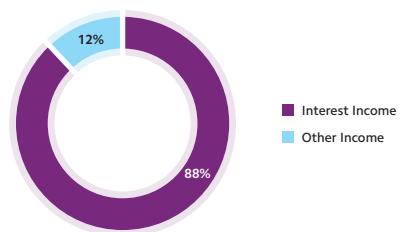
Earning per Share



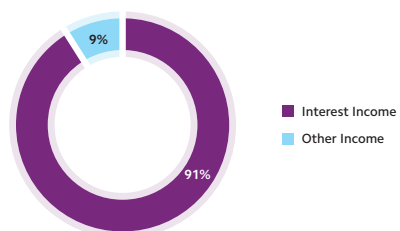
### Sources and Distribution of Income

Interest Income represented 87.7% of Total Income for the year 2024/25 as against 91.03% for the year 2023/24. In terms of distribution of income, interest costs absorbed a major portion with 27.2% of Total Income (2023/24 = 48.7%) and 16.98 % distributed among the suppliers. (2023/24 = 17.1%).

Sources of Income - 2024/25

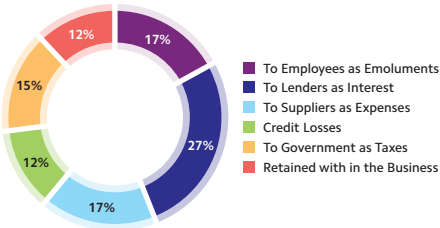


Sources of Income - 2023/24

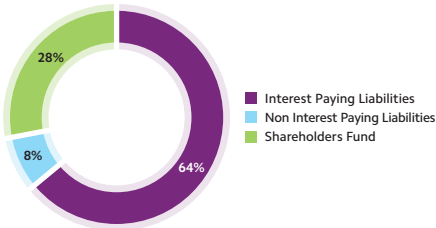


# Management Discussion and Analysis (Contd.)

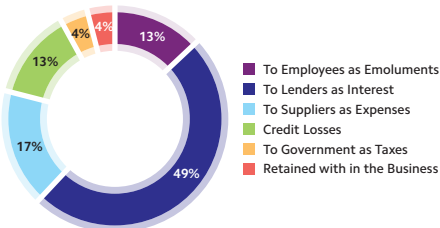
Distribution of Income - 2024/25



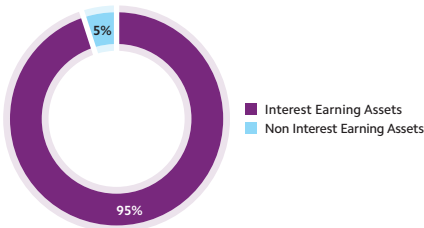
Sources of Funds - 2023/24



Distribution of Income - 2023/24



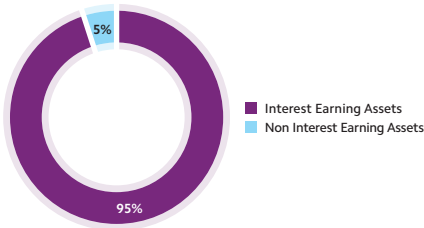
Uses of Funds - 2024/25



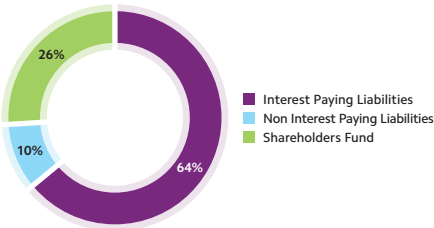
## Sources and Uses of Funds

Interest paying liabilities accounted for 63.81% of funding sources for the year 2024/25, (2023/24 = 63.85%), whilst 95% of the funds were utilized to finance Interest Earning Assets maintaining similar levels of the FY ended 2024/25.

Uses of Funds - 2023/24



Sources of Funds - 2024/25



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## Credit Quality

The company implemented tight credit evaluation measures with an ultimate objective of improving the overall credit quality within the company and minimize the probability of credit risk. This involved out of the box thinking and concentrating on selected customers and products, introduction of new products and expansion of the product portfolio, implementing collection strategies based on system data and effectively coordinating with financially challenged customers to restructure debt payments promptly. These strategies effectively propelled the company to significantly reduce the non-performing loans ratio from 34.94% in the financial year 2023/24 to 17.17% in the financial year 2024/25.

### Overview of the Credit Process

The economic downturn continued to adversely impact the country with surging energy costs, rising oil prices and import restrictions of brand new vehicles.

Strict credit controls are implemented, closely monitored and reviewed on a regular basis to ensure that there any unforeseen contingency would be mitigated in the credit process.

In addition, the change in the number of days from 120 days to 90 days to be categorized under stage 3 of impairment was also introduced by CBSL in its Direction No. 01 of 2020 dated 14th February 2020 which was implemented during the financial year 2022/23.

The company forged ahead in the midst of numerous challenges thanks to the collective effort of the senior management and department heads closely monitoring the performance of the company against the behavior of the competitors to identify areas where the company can thrive and continue to improve in such demanding situations.

During the period in review the emphasis of the company was on further growth on lending for electric motor bikes through sustainability financing with the overall impact on the environment foremost in its mind.

In addition, the company embarked into lending of gold loans and evaluated the viability of financing for education loans as well.

Further, the company introduced new schemes for defaulted customers by offering concessions on interest and aimed at collecting the balances due on their borrowing.

In addition the company further increased its focus to offer refinance facilities to existing clients with satisfactory payment history as well.

### Credit Committee

The purpose of the Committee is to oversee the Credit strategies and objectives of the Company, including:

- a) Oversight of the credit strategies and objectives of the Company.
- b) Oversight of the Credit Risk Management of the Company including review and recommendation of internal credit policies to Board of Directors and establishing concentration limits for lending portfolio.
- c) Identify knowledge gap and facilitate training.
- d) Reviewing of Credit quality / Asset quality, Impairment Allowances on Credit Quality deterioration and performance of the Company's Credit Portfolio.
- e) Setting the credit evaluation guideline within the company risk appetite.
- f) Market analysis to ascertain market risk.
- g) Oversight of the Credit Appraisal, Approval, and Disbursement functions of the Company.
- h) Continuous delinquency monitoring and implementing follow-up and recovery strategies to ensure the curtailment of asset quality deterioration.
- i) Recommending incentives for portfolio quality.
- j) Assess the market opportunity for new products and credit approval of those new products.
- k) Maintain the concentration risk of different products.
- l) Managing risk base pricing.

## Management Discussion and Analysis (Contd.)

The Committee is a Management Committee and reporting to the Board of Directors.

The composition of the Committee shall consist of,

- a) Chief Executive Officer – Chairman
- b) Deputy Chief Executive Officer – Alternate Chairman
- c) Chief Financial Officer
- d) Head of Credit & Legal
- e) Assistant General Manager – Asset Backed Finance
- f) Assistant Manager Finance
- g) Assistant Manager Credit – Secretary

Chief Executive Officer shall serve as Chairman of the Committee. The Chairman shall preside at all meetings of the Committee and perform any duties as may be assigned by the Board of Directors from time to time. The Chairman shall also be responsible for ensuring that key actions taken, and significant matters discussed by the Committee are reported to the Board of Directors on a regular basis. The Deputy Chief Executive Officer will, serve as the alternate Chairman in the absence of the Chief Executive Officer.

Assistant Manager Credit will be the Secretary of the Committee. The Secretary of the Committee will, with consultation and approval of the Chairman, develop the agenda for each meeting, and circulate it to all members of the Committee in advance. The Secretary shall maintain minutes and other relevant records of the meetings and activities of the Committee. The minutes shall be available for review by the Board and any regulatory authorities having jurisdiction over the affairs of the Company. In the event of any meeting where the Secretary is not present, the Chairman shall designate an acting Secretary to the Committee for the purpose of recording the minutes.

Chief Information Officer or his representative may attend meetings on invitation. The Head of Deposits may attend meetings on invitation when the discussions related to Cash back securities (Deposits) are considered. Other KRPs such as Compliance Officer and other staff members may be invited to attend depending on the agenda to be discussed.

The Credit Committee meets regularly and implements credit controls if required while ensuring that facility approvals occur based on established Delegated Authority Limits and discussing the matters coming under the scope of the Committee. The Chairman may also convene a special meeting of the Committee if, in his judgment, an issue arises that cannot wait until the next regularly scheduled meeting and / or on the request of the majority of the members. Special Meeting can be also held for recommending a higher value of Facility to the Board of Directors.

The Credit Committee played a pivotal role to ensure that the company implemented tight credit controls and consistently followed them while focusing on expanding the product portfolio mix and introducing new products within the company.

Due to the continuous efforts and commitment of the credit committee, senior management and heads of divisions Abans Finance PLC's net operating income almost doubled, climbing from Rs. 1.06 billion to Rs. 2.07 billion, while operating profit before tax rose to Rs. 951 million, a remarkable 344% increase from the Rs. 214 million recorded in FY 2023/24. Profit after tax stood at Rs. 426 million, compared to Rs. 104 million, marking a 308% year-on-year remarkable growth.

### Information Technology and Information Security Governance

Information Technology (IT) and Information Security (IS) continue to play a pivotal role in enabling the strategic objectives of Abans Finance PLC. In an increasingly digitized financial services landscape, the company recognizes IT not only as an operational backbone but also as a key driver of innovation, efficiency, and customer-centric service delivery.

During the year under review, AFPLC took significant steps to modernize its IT infrastructure, enhance cybersecurity resilience, and accelerate its digital transformation journey. By aligning technology investments with business goals and regulatory requirements, the company remained focused on delivering secure, reliable, and future-ready solutions to meet stakeholder expectations and sustain competitive advantage.

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## Strategic Cybersecurity and Data Protection Roadmap

During the financial year 2024/25, Abans Finance PLC (AFPLC) elevated its focus on cybersecurity and data protection by formulating a comprehensive three-year Cybersecurity and Data Protection Strategy. This forward-looking roadmap was designed to address growing digital risks and regulatory expectations while reinforcing customer trust. The strategy is anchored on seven strategic pillars: Cyber Resilience Fortress, Proactive Risk Mastery, Data Defense & Privacy First, Governance & Compliance Excellence, Secure Digital Evolution, Cyber-Aware Culture, and Fortified Third-Party Ecosystem. Each of these pillars provides a structured framework to build an adaptive, secure, and compliant digital environment for AFPLC's ongoing operations and future growth.

AFPLC invested in a leading Endpoint Detection and Response (EDR) solution to elevate its threat detection and response capabilities. This advanced platform ensures real-time monitoring, automated incident response, and greater visibility across all endpoints, significantly reducing exposure to potential cyber threats. Complementing this, the company also implemented a centralized Enterprise Device and Server Management Platform. This solution enables standardized control over end-user devices and servers, improving compliance, patch management, and operational efficiency while maintaining high levels of endpoint security.

Business continuity remained a top priority in 2024/25. The company made significant investments in modern disaster recovery and backup systems, ensuring reliable data protection and the ability to restore operations quickly during system failures or disasters.

In addition, AFPLC introduced a WAN optimization solution across its branch network to enhance application performance, minimize latency, and enable smooth, uninterrupted operations in remote and regional locations.

## Digital Transformation and Process Automation

As part of its broader digital transformation efforts, AFPLC successfully deployed a specialized Gold Loan Management System to support the launch and management of its new gold loan business. This platform facilitates streamlined customer onboarding, accurate valuation, and real-time processing with full integration into the company's financial systems.

Simultaneously, the organization advanced internal operational efficiency through a workflow automation platform that digitizes key business processes, reducing delays and eliminating paper-based operations. Among the modules implemented were a Legal Case Management System automating the end-to-end recovery legal process and a SLIPS/CEFTS Payment Module that supports real-time payments to vendors and customers. Several additional workflows are currently in development to further enhance internal coordination and service speed.

## Future Outlook

AFPLC is well-positioned to continue its technology-driven growth trajectory. Key priorities for the upcoming year include the full rollout of cybersecurity strategy action items, upgrades to critical internal systems, and a core banking system refresh that will modernize the technology foundation across the organization. Enhancements to branch infrastructure are also planned to support expanding digital service offerings and improve service delivery. The company remains dedicated to staying ahead of evolving cyber threats and emerging technologies, with a firm commitment to regulatory compliance, operational resilience, and digital innovation.

# Engaging Stakeholders

A stakeholder is an individual or a group that has an interest in the organization and can affect or be affected by the operations and activities of the organization. They are either internal stakeholders who are part of the organization or external stakeholders who are affected by the activities of the organization.

As a financial services provider, Stakeholders' engagement processes are considered key to our growth as we recognize that stakeholder concerns provide guidance to our next strategic goal. It is a key input to our strategic planning process as it enables evaluation of our strengths & weaknesses in a systematic manner using feedback from our key stakeholders.

The below diagram summaries how we engage with our valued stakeholder groups.

Stakeholder	Sustainable Business Objective	Engagement Mechanism	Frequency of Engagement	Our Responses/Achievements
Shareholder	<ul style="list-style-type: none"> <li>Balancing profitability and sustainable growth</li> <li>To deliver returns on investment by strengthening governance to support future growth momentum</li> <li>To establish strong internal processes and policies</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Extra Ordinary General Meeting</li> <li>Official Website</li> <li>Annual Reports</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Whenever necessary</li> <li>Regularly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Return on Investment</li> <li>Development of Shareholder communication</li> <li>Continuous engagement</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer complaint handling</li> <li>Quality customer service</li> </ul>	<ul style="list-style-type: none"> <li>Customer Surveys</li> <li>Customer complain handling mechanism</li> <li>Call Centre &amp; Official website</li> <li>Social Media Interactions</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> </ul>	<ul style="list-style-type: none"> <li>Promotional Campaign</li> <li>Customer care service</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Career Development</li> <li>Work Life Balance</li> <li>Promotions and Job Opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Annual Get together</li> <li>Training Procedures</li> <li>Department Head involvement with the employees</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Monthly</li> <li>Monthly</li> </ul>	<ul style="list-style-type: none"> <li>Organized periodically</li> <li>Continuous Training</li> <li>Job Enrichment</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>Reporting to CSE and Central Bank to ensure compliance</li> <li>Meetings with Regulatory bodies</li> <li>Industry Forums</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with the regulatory requirements</li> </ul>	<ul style="list-style-type: none"> <li>Whenever required</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening relationships with public and professional institutions</li> </ul>
Society & Environment	<ul style="list-style-type: none"> <li>Employment Opportunities</li> <li>Community Development</li> </ul>	<ul style="list-style-type: none"> <li>Sponsorships</li> <li>Feedback Comments</li> <li>Call Centre</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Funding towards sponsorships</li> <li>Responses given by the management &amp; staff</li> </ul>



# External Capital Formation

## Investor Capital

The return generated by the company by using its Investor's Funds with a view to maximizing and delivering value. The Stated Capital of the company as at the end of the year under review was Rs. 1,321.1 Mn. The market capitalization and share price of the Company as at 31 March 2025 was 3264.6 Mn. and Rs.44.3 respectively. Float Adjusted Market Capitalization was recorded at Rs.247.4 Mn. as at 31 March 2025. Further the Company continued to be listed on the Dirib Savi Board of the Colombo Stock Exchange from the year 2011 onwards. Market Price of the Shares According to the Colombo Stock Exchange, the company recorded the highest market price of Rs. 47.80 and at the lowest of Rs.19.50 during the financial year of 2024/2025. The changes of market price in comparison to the previous year are given below.

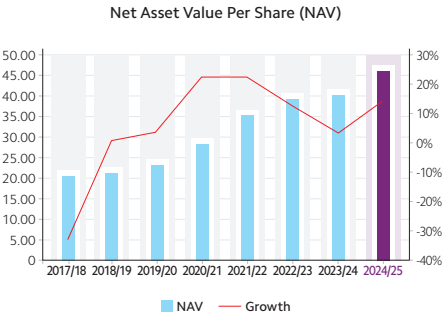
Market Price	2024/25	2023/24
Highest	47.80	27.30
Lowest	19.50	19.50
Price as at 31 March (Rs.)	44.30	21.00

## Earnings

The Basic Earnings per Share (EPS) of Rs. 5.78 has been achieved by the company during the year compared to the corresponding previous period value of Rs. 1.42.

## Net Assets Value per Share (NAV)

The company has achieved an 14% growth in Net Assets during the year from Rs. 3,079 million in 2023/24 to Rs.3,502 million in 2024/25. The Net Assets per Share reached the mark of Rs. 47.53 as at 31 March 2025.



# Distribution of Equity As at 31-03-2025

No. of Shares Held	No. of Shareholders		No. of Shares	
	No. of Holders	Percentage (%)	Total Holdings	Percentage (%)
1-1,000	641	83.25	89,918	0.12
1,001-10,000	89	11.56	261,914	0.36
10,001-100,000	28	3.64	930,448	1.26
100,001-1,000,000	9	1.17	3,407,316	4.62
Over 1,000,000	3	0.38	69,003,575	93.64
<b>Grand Total</b>	<b>770</b>	<b>100.00</b>	<b>73,693,171</b>	<b>100.00</b>

## Analysis of Shareholders As at 31-03-2025

Category	No. of Shareholders	Percentage (%)	Total Holdings	Percentage (%)
Resident	767	99.61	73,688,104	99.99
Non-Resident	3	0.39	5,067	0.01
<b>Total</b>	<b>770</b>	<b>100.00</b>	<b>73,693,171</b>	<b>100.00</b>

## Composition of Shareholdings As at 31-03-2025

Category	No. of Shareholders	Percentage (%)	Total Holdings	Percentage (%)
Individual	733	95.19	3,085,569	4.19
Institutional	37	4.81	70,607,602	95.81
<b>Total</b>	<b>770</b>	<b>100.00</b>	<b>73,693,171</b>	<b>100.00</b>

## Directors Shareholding - Abans Finance PLC - As at 31st March 2025

Category	No. of Shares	Percentage (%)
Mr. Kalugamage John Cecil Perera	Nil	Nil
Mr. Hiran Chaminda Embuldeniya	Nil	Nil
Mr. Thulci Aluwihare	Nil	Nil
Ms. Dishana Sirinimali Ratnayake	Nil	Nil
Mr. Pasan Thaminda Wanigasekara	Nil	Nil
Ms. Sharini Chamalka Kulasinghe	Nil	Nil
Mr. Sallukkalige Danushka Indramal De Silva	Nil	Nil

# Top 20 - Abans Finance PLC - As at 31st March 2025

No	Name of shareholders	As at 31/03/2025	
		Shares	%
1	Abans PLC	37,010,472	50.22
2	Ironwood Investment Holding Pvt Ltd.	30,740,406	41.71
3	Mr. B. Pestonjee (Deceased)	1,252,697	1.70
4	Logirite (Private) Limited	983,142	1.33
5	ABLE Investments (Private) Limited	892,818	1.21
6	Mr. K. Kunenthiran	516,832	0.70
7	Mrs. S. Dubash	213,039	0.29
8	People S Leasing and Finance PLC/Suhada Gas Distributors (Pvt) Ltd.	209,798	0.28
9	Mr. R. Pestonjee	191,860	0.26
10	Cleantech (Pvt) Ltd.	159,428	0.22
11	AB Securitas (Private) Limited	159,428	0.22
12	Assetline Finance Limited/Suhada Gas Distributors (Pvt) Ltd.	139,974	0.19
13	Mes. A.B. Cold Storage (Pvt) Limited	132,857	0.18
14	Mr. D.G. Wijemanna	83,600	0.11
15	Mrs. A. Pestonjee	80,000	0.11
16	Mrs. H.I. Salgado (Deceased)	66,600	0.09
17	Mr. G.C. Goonetilleke	48,105	0.07
18	Mr. I.D.S.P. Rupasingha	40,697	0.06
19	Dr. K. Poologasundram	36,000	0.05
20	Assetline Finance Limited/G.D.W. Jayasena	33,846	0.05
	Others	701,572	0.95
	<b>Total</b>	<b>73,693,171</b>	<b>100.00</b>

## Market Value - Abans Finance PLC From 01st April 2024 to 31st March 2025

Highest Market Price (28/01/2025)	Lowest Market Price (25/09/2024)	Last Traded Price	As at 31st March 2025
Rs.47.80	Rs.19.50	Rs.44.30	Rs 46.50

# Employee Capital

In the pursuit of success and sustainable growth, human capital assumes a pivotal and diverse role within an organization. The proficiency, drive, and commitment of employees acts as the catalyst propelling the organization forward. At our company, strategic investments in talent acquisition, employee development, and the cultivation of a positive work culture has unlocked the full potential of the workforce, resulting in enhanced business outcomes and enduring prosperity.

## Employment Status

Our organization prides itself on assembling a team of exceptionally skilled and talented employees who have been instrumental in fueling our growth. Their unwavering dedication and remarkable achievements are wholeheartedly recognized and rewarded by the company, as they consistently surpass expectations. During the financial year 2024/25, company employed 467 employees for 11 branches and 8 customer centers nationwide.

Out of a total workforce of 467 employees:

- 69% were permanent employees
- 30% were on probation; and
- 1% were on contract

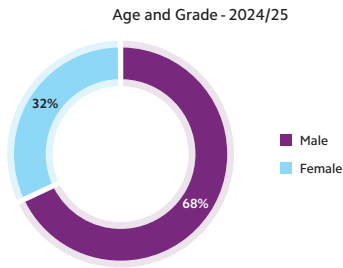
We hold our employees in the highest regard, ensuring their well-being, growth, and development and uphold a culture of inclusivity and fairness, valuing each staff member and cultivating a compassionate and supportive workplace. Placing employee well-being at the forefront, we boost employee morale, driving to the growth and sustainability of the company. This approach has led to a significant increase in employee retention, contributing to the long-term success of the company.

Type of Employment	Male	Female	Total
Permanent	217	104	321
Probationers	96	46	142
Contract	3	1	4
Total	316	151	467

## Age and Grade

We are proud to maintain a balanced and inclusive workforce, ensuring equal treatment for all employees,

irrespective of gender or age. Presently, our team comprises 68% male and 32% female representation, reflecting our commitment to diversity and equality.



We at Abans Finance PLC, consider our dedicated and talented staff are our key strength and the main pillar for our success. Diversity and Inclusion play a pivotal role in our workforce where we respect and appreciate what makes them different in many ways.

Composition of our human assets comprises various generations from well-seasoned campaigners to fresh blood drive our way forward. Out of the 467 talents at the end of the FY 2024/2025, more than half represent the Millennials, and a growing tendency can be seen in Gen Z as well.

Despite volatile and challenging market conditions, our passionate and committed employees were able to lift Abans Finance PLC for the highest achievement in history.

Grade	Male	Female	Total
Senior Management	16	2	18
Middle Management	87	13	100
Executive	208	136	344
Non Executive	5	-	5
Total	316	151	467

Age Group	Male	Female	Total
Below 21 years	6	4	10
21-30 years	130	105	235
31-40 years	130	32	162
41-50 years	34	9	43
Above 51 years	16	1	17
Total	316	151	467

### Composition of Work Force by Gender & Location

At Abans Finance PLC, our presence spans the entirety of the island, extending employment opportunities to individuals residing in rural regions. Our commitment to inclusivity ensures equal chances for both male and female employees, who play pivotal roles in our branches, enriching the organization with their valuable talents and expertise. Together, they drive the growth and advancement of the company.

Province	Male	Female	Total
Central	46	23	69
Eastern	27	8	35
North Central	23	7	30
Northwestern	19	5	24
Northern	15	5	20
Sabaragamuwa	20	7	27
Southern	40	9	49
Uva	11	2	13
Western	115	85	200
<b>Total</b>	<b>316</b>	<b>151</b>	<b>467</b>

With the expansion of our business activities, we were able to provide more opportunities, 78 talented individuals, and training opportunities for 15 freshers in various departments and job functions. They will become mature and vibrant assets for us who will take the leadership of driving our success.

Even though we are only a two decade old company, around 30% of our staff have more than 05 years of service. The secret to building loyal employees is fair and non-discriminatory treatment, growth opportunities, as a positive work environment and the organization culture. We are expecting our loyal team will be with us in the coming years by joining hands to share the success and glory. Long serving employees were well recognized during our very first awards night – “circle of excellence” showcasing their loyalty and the worth to the company.

Service	Male	Female	Total	%
Below 1 years	100	49	149	32%
1-1.9 years	54	33	87	19%
2-4.9 years	62	26	88	19%
5-9.9 years	62	27	89	19%
10-14.9 years	28	8	36	8%
Above 15	10	8	18	4%
<b>Total</b>	<b>316</b>	<b>151</b>	<b>467</b>	

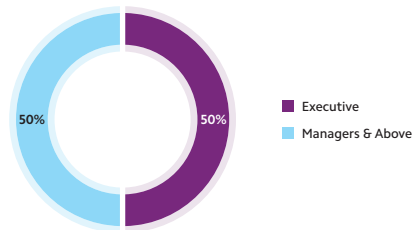
### Learning and Development

We provide immense importance to develop our staff in many ways and from the top to bottom the commitment to training and development can be clearly seen. We strive to enhance technical capabilities, always to meet regulatory compliance, and also to enhance soft skills to keep them ready for future opportunities and to excel the present responsibilities with much more maturity, efficiency and productively. This is a continuous process as each year we invest more in developing our staff by bridging any skill gaps meantime grooming them.

During the financial year 2024/2025, the Human Resource Department organized and facilitated a series of training programs catering to both managerial and executive staff.

- On the job training using existing and internal expertise and subject experts
- Soft skills development training
- Competency refreshers and enhancements

Trainings For - 2024/25



During this financial year 2024/2025, we invested more than Rs. 7 million for developing our team and provided more than 6,300 training hours excluding on the job training. Apart from that, all the new employees underwent a structured induction in addition to the above training which helped us to blend these new staff members into our culture as well as guide them during the initial period of their employment with us.

## Employee Capital (Contd.)

Description	Total
Total Participated Hours	6,310.55
Total Staff during FY 2024/25	679
Total Staff for FY 2024/25 end	467
Average Training Hours Per Actual EMP	13.51
Average Training Hours per Female	8.87
Average Training Hours per Male	9.52
Average Training Hours per Executive	6.25
Average Training Hours per Non Executive	4.50
Average Cost Per EMP	9,582.24
Average Training Cost Per Hour (Rs.)	1,031.03
Average Training Cost Per Actual EMP (Rs.)	13,932.21

### Training Programs

No.	Training Program	No of Participants
1	Program on Understanding the Fundamentals of Credit Research	8
2	Impact of Vehicle, Plant & Machinery Valuation on the Quality of Secured Lending	2
3	Employee Misconduct, Disciplinary Procedure and Punishments	4
4	Risk and Cyber Security Fundamentals	5
5	AML CFT Compliance for Financial Institutions	8
6	Awareness Session on Managing Financial Crime Risks in the Financial Services Sector of Sri Lanka	1
7	Awareness Session on Technology Risk Management and Resilience Direction	2
8	EPF / ETF Contribution, Benefits & Practical Issues	1
9	Discussion on Plan for FY 2024/25	69
10	Program on Credit Management	4
11	Refinance facilities - One day payment – Given list and existing good clients	31
12	Internal Training on Deposit Operation	37
13	Towards Sustainability: External Debt Management in Developing Countries	2
14	Cyber Security for Finance Professionals	6
15	Lending Beyond Boundaries - Colombo Region	47
16	Lending Beyond Boundaries - Galle Region	37
17	Lending Beyond Boundaries - Trincomalee Region	25
18	Lending Beyond Boundaries - Dambulla Region	55
19	Certificate in Credit Monitoring & NPL Management	56
20	Three Topics in One Seminar for Banks, Finance Companies, Corporates and Individuals	14
21	Customs Procedures & Documentation on Imports / Exports	1
22	Procurement Trends in the Digital Era (Today Master Class)	2
23	Compliance for Non - Bank Financial Institutions	4
24	Enhancing Legal Skills & Knowledge	5
25	Certificate Course in Taxation	3
26	Mistakes in HR Procedures	3
27	A Series of Awareness Programs on Managing Financial Crime Risks in the Financial Services Sector of Sri Lanka	1
28	Information Security Awareness Session	385

No.	Training Program	No of Participants
29	Essential Labor Laws and Their Changes with Latest Judgments	2
30	Professional Diploma in Data Analysis & Interactive Dashboard with Advanced Microsoft Excell	17
31	Virtual Training – Operations	40
32	Empowering with Artificial Intelligence – FHA	1
33	FD Training	51
34	Branch Manager's Meeting	60
35	Go AML Report Validation Tool	3
36	Virtual session for FD implementation	3
37	Managing Financial Crime Risk	3
38	Integrated Risk Management for Financial Institutions	6
39	AML / CFT Compliance for Financial Institutions	7
40	Course on Financial Research and Analysis of Essentials for Corporates	2
41	Training on Teller Function	32
42	Training on Deposit Operation	6
43	Special Program on Pawning / Gold Loan	6
44	45th National CA Conference	5
45	Be an Effective Supervisor to Level Up Your Leadership & Supervisory Skills	1
46	Novel Practices in Fraud Mitigation of Electronic Fund Transfers	5
47	Four-Wheeler Leasing	21
48	Awareness Session on Managing Financial Crime Risks in the Financial Services Sector of Sri Lanka – Program 14	2
49	Branch Manager's Meeting	71
50	Navigating Customer Protection Compliance	4
51	Regulatory Framework Relating to Non - Bank Financial Institutions	8
52	Mastering Risk & Governance Excellence	14
53	Excellence in Payroll Administration	2
54	Leasing Process & Advanced Excel for Finance Department	25
55	Payment Process Automation – ICT	385
56	Dual Topic Recovery Seminar for Banks, Finance Companies, Corporates and Individuals	3
57	Way Forward Towards Effective TBAP	2
58	Insurance Foundation Certificate Course	1
59	Customer Protection Framework	1
60	BM's Meeting - February 2025	67
61	Beyond Finance Leasing	5
62	Motivation & Customer Excellence	25
63	Two Day Training on Gold Loan	3
64	AML CFT Compliance for Financial Institutions	1
65	Professional Diploma in Treasury Management & Financial Markets	2
66	Security Features in Genuine Currency Notes and Identification of Forged Notes	2
<b>Total</b>		<b>1712</b>



## Employee Capital (Contd.)

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### Performance Management

At the heart of a flourishing business lies a formidable and devoted workforce. Hence, we place the utmost importance of nurturing a team of highly capable and proficient employees, ensuring our continued success and growth. Creating a culture of excellence within the organization revolves around acknowledging and appreciating the significant contributions and accomplishments of the employees.

Abans Finance PLC, firmly prioritizes the continuous evaluation of employee performance using Key Performance Indicators (KPIs) during both mid-year and annual assessment cycles. In alignment with these evaluations, employees are duly rewarded to recognize their exceptional contributions and achievements. Through these performance evaluations, the management gains valuable insights to refine company strategies and foster avenues for employee growth and advancement.

### Rewards & Recognition

We cherish the opportunity to honor and incentivize our employees' outstanding efforts. Our comprehensive rewards and recognition programs are designed to celebrate excellence, nurturing a culture of appreciation. This, in turn, yields heightened productivity, heightened job satisfaction, decreased turnover rates, and instills a profound sense of belonging and loyalty. Through these initiatives, we inspire our employees to go above and beyond, driving the collective triumph of our organization.

After conducting a thorough examination of our benefits structure, we pinpointed the tangible advantages of being a valued employee at Abans Finance PLC, which can be summarized as follows:

- Salary increments
- Performance based incentives
- Bonus (based on company profitability)
- Staff loans at concessionary rates
- Medical insurance
- Study leave

### Awards Night 2025– “Circle of Excellence”

First time in our history, we have celebrated synergy, success and glory of our company and its performance during the Finance Year 2024/2025. At the heart of our success is our people — the driving force behind every achievement. Circle of Excellence is a tribute to the dedicated professionals, bold leaders, and unsung heroes who go beyond boundaries to shape the future of Abans Finance.

We honored the commitment, resilience, and passion of our talents towards the success of the company. We recognized our marketing, collection & recovery, Fixed Deposit, Gold Loan staff for their untiring efforts and commitment in delivering exceptional results in the FY 2024/25 and appreciated all the supporting services for their valiant contribution to the staff to make these landmarks realistic. Apart from that, we rewarded and appreciated the contribution of best 02 branches during this FY under 02 categories as well. Further, we also value the services of our long-standing workforce for being with Abans Finance and supporting building its culture and delivering results in the volatile environment. We were able to give away 59 awards including support functions to recognize their contribution. One key highlight of this event was many of our staff members were able to showcase their talents on the stage by compering, dancing, singing and organizing all the activities of the awards night which was also the reason behind the success of this event.



## Employee Capital (Contd.)

### Engagement & CSR

Engagement activities play a pivotal role in driving the success of Abans Finance PLC by fostering strong relationships with our internal stakeholders. These initiatives aim to build trust, enhance sense of belongingness, morale and commitment to build a positive company culture. In the FY 2024/25, Abans Finance PLC organized several meaningful activities that truly resonated with team members and strengthened relationships. Some of the key activities we have delivered to our team are:

Name of the Event	Month
Region wise Aurudu Uthsawaya	April 2024
Poson Dansala	June 2024
"Pata Heena" Children's Day Art Competition	October 2024
All Staff Cricket Tournament	January 2025
Valentine's Day Celebration	February 2025
Women's Day Celebration	March 2025
Award Ceremony for FY 2024/25	July 2025

As a responsible and accountable organization towards the society, we have sponsored medical students from the University of Colombo for their "Wassana Diyawara" CSR project during this year and we are planning to continue to be responsible for the society and extend our support and commitment to the society and its people continuously.

All these initiatives, investments and efforts towards building, empowering and growing our staff have significantly contributed to the synergy, success and glory of the company and also to build a high performing staff who are contributing to the positive company culture. One of the key positive highlight on all these actions that we were able to reduced the staff turnover by 33% during this FY, compared to the previous year.

# Social Capital

## Social & Environmental Capital

As a responsible corporate citizen, we have extended our cooperation to conduct business activities in an environmentally friendly manner and to alleviate the problems our society faces. Hence, we are focused on implementing best business practices that would lead up to optimizing resource utilization.

## Conserving Resources

As the level of computerization and automation increases, the usage of paper has continued to decline in the company. In order to build a paperless environment, AFPLC has moved to a platform to convert existing paper-based documents into digital format to encourage paperless culture and unnecessary printing cost in the front desk as well. Marketing Officers of the company is equipped with Smartphones & mobile apps which gives seamless and speedy processing solutions for marketing and recovery functions. Moreover, Company constantly strives to adopt best practices by electronic archiving, thereby eliminating the necessity of physical file maintenance.

Although, the Document Management system of the company converts paper-based information into electronic files. This has enabled streamlining document storage, retrieval, delivery, and sharing. This has supported speedy and efficient transactions while establishing a lesser-paper base office.

## Reduced Travel

The company is in the position of ensuring that our entire business is conducted in accordance with professional, ethical and legal standards. The management of Abans Finance concerns in creating the working environment which fit with the company culture and more comfortable to entire staff of Head office as well as branches that is ultimately effect on making a productive environment.

## Health and safety

Health and safety of our employees, customers, and other stakeholders the utmost priority of our company. The company has complied with best health practices and develop necessary health infrastructure in the head office and branches. We continuously

encourage our customers to use our online facilities when making payments instead of visiting the company also continuously aware employees to develop positive attitudes and behaviors on safety. We took safety measures to regulate the safety practices of the company.

## Customer Capital Finance Leasing

A Finance lease is governed by the Finance Leasing Act No 56 of 2000 and is an agreement between a lessee and a lessor for the use of the asset over a specified period. A salient feature of finance leases is that the customer assumes majority of the risks and rewards of ownership (i.e. maintenance costs and fluctuations in value), but never actually owns the asset. The main types of finance leasing offered by Abans Finance PLC are two-wheeler leasing, three-wheeler leasing and four-wheeler leasing.

## Loans

At Abans Finance PLC, loans are categorized as Mortgage loans, Revolving loans, Vehicle Loans, Auto Draft and Personal loans. Mortgage loans & Revolving loans are governed by the Mortgage (Amendment) Act, No. 3 of 1990 and are granted against the security of assets offered by customers. Auto draft facilities are granted by analyzing the cash flow of customers and based on the future cash flows the facilities can be restructured according to the repayment capacity of the customers. Personal loans are granted primarily on salary deduction from the source of income while with two unrelated personal guarantors to make sure that credit risk is better managed when change in client's income due to unavoidable circumstances.

## New Chapter in Lending

The final quarter of 2024 saw the successful launch of a major new product at Abans Finance: Gold Loan. Beginning on December 18, 2024, at three pilot branches, this product immediately distinguished itself by offering a higher advance and a low-interest rate, providing a compelling option for our customers. We are confident in the product's long-term potential, especially given positive feedback on its fastest and most friendly service. The groundwork is now being laid for a strategic expansion plan that will see the Gold Loan product introduced across our entire branch network, positioning it as a key driver of growth and a cornerstone of our future business strategy.

## Board of Directors



**Mr. Cecil Perera**  
Chairman



**Mr. Rusi Pestonjee**  
Non-Independent, Non-Executive Director  
(Resigned w.e.f 05th November 2024)



**Mr. Hiran Embuldeniya**  
Non-Independent Non-Executive Director



**Mr. Thulci Aluwihare**  
Independent Non-Executive Director



**Mrs. Dishana Ratnayake**  
Independent Non-Executive Director  
(Resigned w.e.f 08th July 2025)



**Mr. Sanjaya Bandara**  
Independent Non-Executive Director  
(Resigned w.e.f 31st December 2024)



**Mr. Aruna Perera**  
Independent Non-Executive Director  
(Resigned w.e.f 10th March 2025)



**Mr. Pasan Wanigasekara**  
Independent Non-Executive Director  
(Appointed w.e.f 04th October 2024)



**Mrs. Sharini Kulasinghe**  
Independent Non-Executive Director  
(Appointed w.e.f 11th December 2024)



**Mr. Danushka De Silva**  
Non-Independent, Non-Executive Director  
(Appointed w.e.f 24th February 2025)



**Mr. Yudhishtaran Kanagasabai**  
Independent Non-Executive Director  
(Appointed w.e.f 30th May 2025)



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## **Mr. Kalugamage John Cecil Perera**

### **Chairman Independent Non-Executive Director**

Mr. Cecil Perera is an Attorney at Law of the Supreme Court of Sri Lanka since 1982. He also holds a Diploma Certificate on Modern Banking Law from the Postgraduate Institute of Management, University of Sri Jayawardenepura and have passed Part I & II, from the Chartered Institute of Management Accountants.

Mr. Perera Commenced his career as a junior counsel at the Chamber of Dunstan De Alwis, President's Counsel. Thereafter he worked as a Professional Assistant at D N Thurairajah & Company. Later he joined The Finance Company PLC as a Legal Officer and as a Senior Legal Officer at L B Finance PLC. Thereafter he joined Merchant Bank of Sri Lanka PLC as the Head of Legal where he handled Corporate Advisory Services & Venture Capital Investments, Capital Market Services, Fund Management Services, Company Secretarial work, Leasing and Trade Finance work, Notarial work, Court Cases and Human Resource Management Legal work. In his career, he has worked as a Non-Executive Director at 99X Technology. Prior to joining Abans Finance, Mr. Cecil Perera has completed 9 years of service at Commercial Credit and Finance PLC as the Chairman and Independent Non-Executive Director.

Also Mr. Cecil Perera is an Independent Non-Executive Deputy Chairman at Thilanka Hotels (Pvt) Limited owning Two Five Star Tourist Hotels in Kandy and Dambulla, an Independent Non-Executive Chairman of Atarah Capital (Pvt) Limited, an Investment Advisory Service Provider registered with the Securities and Exchange Commission of Sri Lanka and the Founder and Precedent Partner of Legalinc Attorneys-at-Law and the Executive Chairman of Legalinc Secretarial and Management Services (Pvt) Limited and Legalinc Trustee Services (Pvt) Limited with 25 years of expertise in the areas of Commercial Transactions, Debt Instruments, Corporate Law, Privatization of State Owned Enterprises, Intellectual Property, Corporate Recovery and Liquidations, Real Estate Conveyancing, Foreign Investment Advisory Services, Immigration Services, Labor Law and Information Technology.

Membership of Board Sub-Committees of AFPL: Nomination and Governance Committee, Integrated Risk Management Committee, Remuneration Committee & the Related Party Transactions Review Board Level Information Security Committee and a Member of the company's Audit Committee.

## **Mr. Rusi Pestonjee**

### **Non-Independent Non-Executive Director**

Appointed as a Director with effect from 01 January 2012. Mr. Rusi Pestonjee is an alumnus of the Executive Management programme at the Indian School of Business, focusing on strategy and managing family businesses. He supports relationship building of the Abans Group with key international partners and has been instrumental in implementing several new strategic growth initiatives within the Group. Mr. Rusi Pestonjee also holds various directorships within the Abans Group of Companies including Colombo City Centre Partners (Pvt) Ltd, Abans Finance PLC, Abans International (Pvt) Ltd, Abans Retail Holdings (Pvt) Ltd, Abans Environmental Services (Pvt) Ltd, Abans Land (Pvt) Ltd, Crown City Developers (Pvt) Ltd, International Restaurant Systems (Pvt) Ltd, ABS Courier (Pvt) Ltd, Abans Investments (Pvt) Ltd, AB Real-estate (Pvt) Ltd.

Mr. Rusi Pestonjee has resigned from the Board w.e.f 05th November 2024

## **Mr. Hiran Embuldeniya (MBA, MENG)**

### **Non-Independent Non-Executive Director**

Appointed to the Board on 13th March 2020. Mr. Embuldeniya has an MBA from the Harvard Business School and a MEng (Hons) in Engineering, Economics and Management, from the University of Oxford. He is currently Managing Partner of Ironwood Capital Partners, Sri Lanka's leading private equity fund. He has previously worked for 10 years with Goldman Sachs and McKinsey & Company where he helped, develop and execute the corporate strategies and M & A transactions for some of the leading banks and industrial companies in Europe, Middle East and South Asia.

## Board of Directors (Contd.)

### Mr. Thulci Aluwihare

#### Independent Non-Executive Director

Appointed as director of Abans Finance PLC on 17th December 2020. Mr Aluwihare is an experienced business strategist and an investment professional with international experience in corporate wealth creation, specialized in investment strategy, transaction advisory, divestiture, capital raising and restructuring. +24 years of work experience in London, Melbourne and Colombo.

Mr. Aluwihare is the Deputy Managing Director of CHEC Port City Colombo (Pvt) Ltd and was a member of the Colombo International Financial Centre (CIFIC) – Steering Committee Task Force and worked closely with the Government to set up the first foreign currency designated multi services Special Economic Zone (SEZ) in Sri Lanka. With the enactment of the Colombo Port City Economic Commission Act, his primary role now is to promote FDIs and create a destination appeal for international businesses to set up in Port City. Port City project is a USD 15 billion new township development, an extension of the existing Colombo CBD.

Prior to joining CHEC Port City Colombo (Pvt) Ltd, he was the Director, Head of Mergers & Acquisitions at PwC, Sri Lanka and Maldives. He spent 14 years with PwC including at PwC Melbourne office where he was involved in large cross border MNC transactions. Mr Aluwihare was also selected to the Global PwC Panel of Trainers for Mergers & Acquisitions and successfully conducted training for managers in the Advisory University Program held in Copenhagen, Stockholm, Dublin, Rome, Warsaw and Abu Dhabi.

He is currently serving as a Non-Executive Independent Director of Expack Corrugated Cartons PLC. Mr Aluwihare is also a member of the Ceylon Chamber of Commerce Investment Promotion Sector Committee and Infrastructure Sector Committee.

He is an Economics graduate from the University of West London, UK, and holds an MSc in Financial Economics from the University of Colombo.

### Mrs. Dishana Sirinimali Ratnayake

#### Independent Non- Executive Director

Appointed to the Board on 19th February 2021. Mrs. Ratnayake is a reputed Attorney at Law with a practice of over 28 years. She took Oaths in December 1993. Mrs. Ratnayake enrolled as an Attorney-at-Law in 1993 and was awarded a First-Class Honors in the Final Year Examination by Sri Lanka Law College.

Mrs. Ratnayake entered University of Colombo in 1990. Mrs. Ratnayake joined the Attorney General's Department in 1993 where she served for many years. She has since then been continuously in practice specializing in Civil Law, with an active practice in the District Courts, Commercial High Courts, Civil Appellate High Courts, the Court of Appeal and the Supreme Court, handling mostly cases of a commercial nature for corporate clients. She also has appeared in many Constitutional and landmark cases along with President's Counsel and particularly the Constitutional Challenge to the dissolution of Parliament in 2018 for 12 Lawyer Members of Parliament and for many Constitutional challenge cases including the Ports City Bill and the 21st Amendment to the Constitution. She has excelled in Chess at School & University being awarded Chess Colours and Championships and was listed in Sri Lanka Women's National Pool with National Rating.

Mrs. Ratnayake has resigned from the Board w.e.f 08th July 2025.

### Mr. Singappuli Mudiyanseelage Susantha Sanjaya Bandara

#### Independent Non- Executive Director

Mr. Sanjaya is a fellow member of the Institute of Chartered Accountants of Sri Lanka. He holds a Bachelor of Science Degree in Accountancy & Financial Management from the University of Sri Jayewardenepura and a Masters Degree in Business Administration from the University of Colombo.

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He is head of assurance of B. R. De Silva & Co, Chartered Accountants (Member firm of Nexia International) and counts over 24 years of experience in practice.

Mr. Sanjaya has resigned from the Board w.e.f 31st December 2024.

### **Mr. Kapuge Aruna Perera** **Independent Non- Executive Director**

Aruna Perera is the president of the CFA Society Sri Lanka and the group chief financial officer of Analytical Instruments (Pvt) Ltd. He has over 25 years of experience in financial Analytics, corporate finance, and valuation management primarily in the blue-chip and corporate sectors in Sri Lanka. He was the Director – Corporate Finance and Valuation Consulting at PwC Sri Lanka from 2017 to 2023. Aruna has worked in multiple organizations including Moody's Analytics Knowledge Services (Pvt) Ltd, John Keells Holdings PLC and Ernst & Young Sri Lanka. Aruna is a CFA charter holder from CFA Institute, USA. He holds an MBA from the University of Leicester, UK, and a BSc (Accounting) from the University of Sri Jayewardenepura. He is also an associate member of the Institute of Chartered Accountants of Sri Lanka.

Mr. Aruna was appointed to the Board w.e.f 04th October 2024 and resigned from the board w.e.f from 10th March 2025.

### **Mr. Pasan Thaminda Wanigasekara** **Independent Non- Executive Director**

Mr.Pasan Wanigasekara is a seasoned corporate leader with extensive international experience across Asia Pacific, Europe, and North America. His expertise spans corporate strategy, mergers and acquisitions, strategic marketing, business development, operational optimization, digitization, and legal affairs.

Previously, he served as the Director General of the Board of Investment of Sri Lanka (Invest Sri Lanka) until January 2022. Since then, he has worked as a

consultant and Independent Non-Executive Director for several blue-chip companies in sectors such as insurance, leisure, agriculture, sustainable energy, and manufacturing, as well as for startups in fintech, outsourcing, and social media. Earlier in his career, he was the Director of Asia Pacific Business at Moody's Knowledge Services. Following his time at Moody's, he provided consulting services to several Fortune 500 companies and Asia-based private equity funds on investment analysis, M&A, and operational optimization, while also practicing as an Attorney-at-Law. Pasan is a qualified Engineer, Chartered Management Accountant, Chartered Financial Accountant, Chartered Marketer, and Attorney-at-Law.

Ms.Pasan was appointed to the Board w.e.f 04th October 2024.

### **Ms. Sharini Chamalka Kulasinghe** **Independent Non- Executive Director**

Ms. Sharini Kulasinghe is the Principal Investment Officer at DAI Asset Management (DAI-AM), based in Colombo, Sri Lanka. She leads pipeline development, underwriting, transaction execution, and relationship management for DAI-AM's Eurasia portfolio.

Prior to joining DAI-AM in 2021, Sharini was the Co-head of Investment Banking at Asia Securities Holdings in Colombo, a firm she joined as a Vice President in 2013. Ms. Kulasinghe began her career as a part-time Program Associate for the Seed Capital Development Fund. She also previously held a variety of Investment roles at DAI-AM between 2008 – 2013, serving as an Investment Analyst, Associate Officer. Ms. Kulasinghe received a BA in History from Bard College and an MSC in Global Finance from The New School.

Ms.Sharini was appointed to the Board w.e.f 11th December 2024.



## Board of Directors (Contd.)

### **Mr. Sallukkalige Danushka Indramal De Silva**

#### **Non-Independent Non- Executive Director**

Mr. Danushka is a well-qualified and experienced Finance Professional with over 25 years of total experience in the field of Finance covering diversified areas including Commercial/Industry, Audit & Assurance, Technical and Regulatory.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and an Associate Member of both the Institute of Certified Management Accountants of Sri Lanka (CMA, SL) and the Chartered Institute of Management Accountants of UK (CIMA, UK). He is also a Chartered Global Management Accountant (CGMA). He has Master of Business Administration (MBA) specializing in Finance from the University of Southern Queensland, Australia.

He joined Abans Group in 2009 as Senior Finance Manager and later got promoted as the Deputy General Manager (Investments and Finance) and currently serving as a Director of Cleantech (Private) Limited, a Company within the Abans Group and sharing his knowledge and experience with several other companies within the Group. In addition to that he also serves as a director of some of the subsidiary Companies of Cleantech (Pvt) Ltd. He was also previously heading the Investment Department of Abans Group and played a pivotal role in completing the Colombo City Centre Mixed Development Project. Prior to joining Abans he had worked in PricewaterhouseCoopers, Linea Mas (Pvt) Ltd (Company within MAS Group) & the Institute of Chartered Accountants of Sri Lanka.

He has served in many Committees (Including Technical and Education) of both the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka.

Mr. Danushka was appointed to the Board w.e.f 24th February 2025.

### **Mr. Yudhishtan Kanagasabai**

#### **Independent Non-Executive Director**

Appointed as director of Abans Finance PLC on 30th May 2025. Mr. Yudhishtan (Yudy) Kanagasabai is a corporate leader and a Chartered Accountant with over four decades of distinguished service to the profession. As a former Chief Executive Officer of PricewaterhouseCoopers (PwC) Sri Lanka and Maldives, Yudy was instrumental in transforming the firm into a high-performing and a client-focused operation. He spearheaded significant growth in the Assurance and Advisory practices, introduced audit automation to the local market, and positioned the firm as a leader across multiple sectors, including telecommunications, pharmaceuticals, and apparel.

Following his retirement from PwC, Yudy has continued to contribute meaningfully to the corporate sector, holding numerous Independent Non-Executive Director roles. He currently serves as the Chairman of Asia Capital PLC, Asia Leisure Holdings (Private) Limited, and Wadduwa Resorts (Private) Limited, Independent Non-Executive Director and Chairman of the Audit Committee of Eswaran Brothers Exports (Private) Limited, Arpico Insurance PLC, Kelani Cables PLC and MainGate (Private) Limited; and Independent Non-Executive Director of Cargills Bank PLC and SPN Impex Pte Ltd.

He has also previously served on the boards of several high-profile institutions including Ceylon Tobacco Company PLC (2018–2024), Cargills Ceylon PLC and Cargills Food Company (Private) Limited (2016–2023), Peoples Leasing & Finance PLC (until end 2024), Ambeon Capital PLC and subsidiaries (until May 2024), Dankotuwa Porcelain PLC (2021–2023), Union Bank PLC (2016–2018), South Asia Textiles Limited, Hunter & Company PLC, and Lanka Canneries Limited. He was also a Commissioner of the Insurance Regulatory Commission of Sri Lanka during 2018–2019.

Mr. Yudy is a Fellow of the Institute of Chartered Accountants of Sri Lanka and brings deep sector knowledge across telecommunications, financial services, and manufacturing. His core strengths include business turnaround, risk management, organizational restructuring, and strategic execution.

The Details of Companies/Societies/Body Corporates/Specified Business entities in which the position of directors or equivalent position as of 31st March 2025 are as follows;

Name of Director	Position Held	Company Name
Mr. K.J. Cecil Perera	Precedent Partner	Legalinc Attomeys-at-Law
	Chairman	Abans Finance PLC
		Legalinc Secretarial & Management Services (Pvt)Ltd
		Legalinc Trustee Services (Pvt) Ltd
		Atarah Capital (Pvt) Ltd
	Deputy Chairman	Thilanka Hotels (Pvt) Ltd
Thilanka Resort & Spa (Pvt) Ltd		
Mr. Hiran Embuldeniya	Director	Abans Finance PLC
		Ironwood Capital Advisors (Pvt) Ltd
		Ironwood Investment Holding (Pvt) Ltd
		Ironwood Services Holding (Pvt) Ltd
		Ironwood Education Holding (Pvt) Ltd
		Ironwood Travel Holding (Pvt) Ltd
		The Laundromat (Pvt) Ltd
		International Education Development Centre (Pvt) Ltd
		M S D Capital Holdings (Pvt) Ltd
		Abans Retail Holding (Pvt) Ltd
		Abans PLC
		Aberdeen Holdings (Pvt) Holding
		YSP Ventures (Pvt) Ltd
		Crowdisland (Pvt) Ltd
Mr. Thulci Aluwihare	Director	Trio Enterprises (Pvt) Ltd
	Independent	Abans Finance PLC
	Non-Executive Director	Ex-Pack Corrugated Cartons PLC
	Deputy Managing Director	CHEC Port City Colombo (Pvt) Ltd
Mrs. D.S Ratnayake	Independent	Abans Finance PLC
	Non-Executive Director	
Mr. Pasan Wanigasekara	Independent	Abans Finance PLC
	Non-Executive Director	Union Assurance PLC
		John Keels PLC
Ms. S.C Kulasinghe	Independent Non-Executive Director	Abans Finance PLC
		KBSL Pvt Ltd
		Coding Legends Pvt Ltd
		Agility Innovations Pvt Ltd
		Lanka Com Pvt Ltd
Mr. Danushka De Silva	Non-Independent Non-Executive Director	Abans Finance PLC
	Independent Non-Executive Director	Cleantech (Pvt) Ltd
		AB Hydrotech (Pvt) Ltd
		Energique (Pvt) Ltd
		Circo Pvt Ltd
Mr. Yudy Kanagasabai	Chairman	Asia Capital PLC
		Asia Leisure Holdings (Private) Ltd
		Wadduwa Beach Resorts (Private) Ltd
	Independent Director	Abans Finance PLC
		Cargills Bank PLC
		Eswaran Brothers Exports (Private) Ltd
		MainGate (Private) Ltd
		Arpico Insurance PLC
		Kelani Cables PLC

# Corporate Mangement



- 1. **Mr. Upul Gunasekara** – Acting Chief Executive Officer
- 2. **Mr. Prashad Samantha** – Chief Financial Officer
- 3. **Mr. Aruna Somasiri** – Head of Credit and Legal
- 4. **Mr. Prabash Lakmal** – Head of Human Resources

- 5. **Mr. Dileepa Dharmarathna** – Head of Branches
- 6. **Mr. Vidura Perera** – Chief Information Security Officer
- 7. **Mr. Dharshan Silva** – Former Chief Executive Officer  
(Not in above picture and Resigned w.e.f 31st March 2025)

# Chairman's Statement on Corporate Governance

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## Dear Stakeholder,

I am pleased to present on behalf of my fellow Board members, the Corporate Governance Report of Abans Finance PLC for the year ended 31st March 2025. This report comprehensively demonstrates our progress, achievements, challenges and areas which we seek to improve.

The Board and Management firmly believes that a sound governance framework is vital for sustainable growth in the finance business in order to maintain the trust and confidence that our investors and customers place in us. It directs the Board and all levels of employees in the conduct of day-to-day business activities. The high standards of corporate governance continue to be a key priority of the company.

During the year, few initiatives were taken to strengthen the governance of the business, in line with the best practices which are highlighted in this report. We continue to adopt all mandatory guidelines on corporate governance such as Corporate Governance Direction No.5 of 2021, Listing Rules of the Colombo Stock Exchange and in addition, voluntarily adopted Code of Best Practice on Corporate Governance 2017 issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka and complies with all other regulatory requirements applicable to a Licensed Finance Company.

During the year under review, the Board focused more on improving its effectiveness towards governance and conducted an independent evaluation on Board's effectiveness. This encompasses the effectiveness of the Board as a whole, and the effectiveness of each Sub-Committees of the Board.

The Corporate Governance Report on pages 40 to 118 contains comprehensive governance arrangements as required under the regulations and details on the extent of the Company's compliance with the provisions set out in the regulations.

In conclusion, I wish to extend my appreciation to the members of the Board who have been supportive and committed in their efforts in implementing a good governance culture within the Company. Their contribution at meetings of the Board as well as at the Sub-Committees of the Board in sustaining transparent governance practices is immense. Going forward, we will ensure that we continuously commit to further improvement in transparency, accountability and reporting.



**Mr. K. J. Cecil Perera**

**Chairman**

**Independent Non-Executive Director**

19<sup>th</sup> August 2025

# Corporate Governance

## Introduction

Corporate Governance is a system by which a company is directed, controlled, and managed. A sound corporate governance framework guides the Company to drive towards progress with implementation of relevant strategies. Sound corporate governance has as its objectives the maintenance of a high level of governance that will foster a culture of integrity, values and rewards for the stakeholders. The creation of long-term stakeholder value is a key towards an effective governance framework.

The Board of Directors of the Company under the leadership of the Chairman is responsible for the governance of the Company. The development of an effective corporate governance framework is a priority on the agenda of the Board. The Board of Directors is committed to reviewing and improve systems within the Company in order to maintain accountability and transparency.

The Company shall operate within an effective Corporate Governance Framework. The framework has been designed based on the provisions of the Corporate Governance Direction No.5 of 2021, Code of Best Practice on Corporate Governance 2017 issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

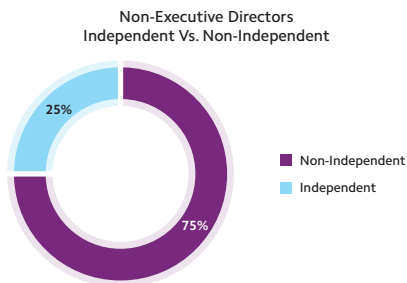
## Board Composition and Balance

Strong governance is dependent upon a Board of Directors that is cohesive, independent in nature, fully engaged and committed to the role and, as a result, operates effectively. The Board reflects a balance between financial, sector specific and general business skills, with a highly experienced team that leads the business in both executive and non-executive roles. The major role of the Board includes overseeing the risk profile of the Company, monitoring the integrity of its business and control mechanisms, ensuring expert management and maximizing the interest of all stakeholders.

The Board of Directors has Seven members which consist of the following structure

- a. Two Non-Independent Non-Executive Directors
  - Mr. H.C. Embuldeniya
  - Mr. Danushka De Silva
- b. Six Independent Non-Executive Directors
  - Mr. K.J.C. Perera (Chairman)
  - Mr. Thulci Aluwihare
  - Mr. Pasan Thaminda Wanigasekara
  - Ms. Sharini Kulasinghe
  - Mr. Yudy Kanagasabai

The Board comprises individuals with appropriate abilities, skills and competencies. Each Director provides the Company the knowledge, experience and skills for effective performance of the Board and they allocate adequate time to discharge their responsibilities. A list of the individual Directors and their profiles including dates of appointment to the Board and their Committee memberships are set out in the Directors' profile on page 32 to 36 of this report.



## Division of Responsibilities - Chairman and Chief Executive Officer (CEO)

There should be a clear division of responsibilities between the chairperson and CEO. Abans Finance PLC has board approved Procedure on Responsibilities of Chairperson and CEO in order to segregate the responsibilities of each person. The chairman leads the

board and prepare the agenda for each board meeting and he delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the company secretary. The Chairman has the responsibility of ensuring that there is effective participation and maintaining balance of power between executive and non-executive directors. He ensures that the Board works effectively and fulfills its responsibilities and implements the decisions and directions of the regulators. Further, the Chairman ensure that all key issues are discussed by the Board in a timely manner and not engage in any activities involving direct supervision of senior management or any other day to day operational activities of the company. He annually evaluates the performance and contribution of all board of directors and the CEO.

The Chief Executive Officer (CEO) shall function as the apex executive-in-charge of the day to day management of the company's operations and business and responsible for implementing business and risk strategies in order to achieve the company's strategic objectives. The CEO should establish a management structure that promotes accountability and transparency throughout the company's operations and maintains the effectiveness and independence of control functions. Further he should promote together with the Board, a sound corporate culture within the company, which reinforces ethical, prudent professional behavior and implement proper compliance culture and being accountable for accurate submission of information to the regulator. Further the Chief Executive Officer must devote the whole of the professional time to the service of the company and shall not carry on any other businesses. Furthermore, he should provide supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.

### **Appointment, Resignation and Re-election**

Directors are elected by the shareholders at the Annual General Meeting (AGM) except for casual vacancies arising during the year filled by the Board of Directors until the next AGM (Article 26 (5) of the Article of Association addresses this). Accordingly, all directors are subject to election by shareholders at the first AGM following their appointment, and to re-election

thereafter at intervals of no more than three years in compliance with the Code of Best Practice on Corporate Governance 2017. In terms of new Assessment of Fitness and Propriety of Key Responsible Persons no 06 of 2021, company is conducting an annual assessment of the board of directors and the CEO and submit all the assessment forms along with the affidavits to the DSNBFI.

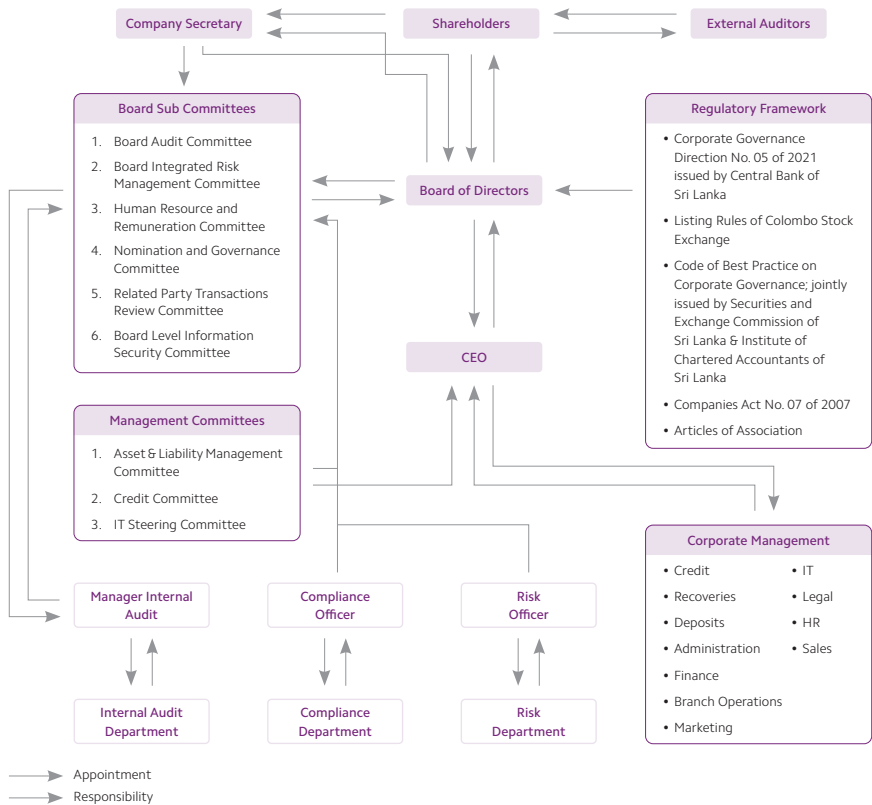
### **Determination of Independence of Non-Executive Directors**

The Board evaluates annually whether each of the Non-Executive Directors is an independent. The Non-Executive Directors submit declarations on their independence in terms of rule 9.8.3 of the Listing Rules of the Colombo Stock Exchange to facilitate the Board to decide on their independence. The Board further considers criteria for independence set out in the Corporate Governance Direction No. 05 of 2021, Listing Rules of the Colombo Stock Exchange and Code of Best practice on Corporate Governance – 2017. The Board has concluded that Mr. K.J Cecil Perera, Mr. Thulci Aluwihare, Mr. Pasan Thaminda Wanigasekara, Ms. Sharini Kulasinghe & Mr. Yudy Kanagasabai are independent and Mr. H.C. Embuldeniya and Mr. Danushka De Silva are non-independent.

### **Board Sub Committees**

The Board has established Board level Sub Committees such as Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Human Resource and Remuneration Committee (HRRC), Nomination and Governance Committee (NGC) and Related Party Transactions Review Committee (RPTRC). Each committee plays a vital role in serving the board to discharge its duties and to ensure that high standards of Corporate Governance are preserved throughout the Company. The committees are governed by the board approved Terms of Reference (TOR) which are reviewed periodically. Each sub committee's minutes are forwarded to the Board and the Chairman of each sub-committee provides the board with a summary of crucial issues considered at the meetings of the sub committees. The diagram below illustrates the Organization's Governance Structure.

# Corporate Governance (Contd.)



## Board and its Sub Committees' Effectiveness

An effective Board is crucial to the success of the Company. To assess the performance of the Board and its Sub Committees, the Company conducted a rigorous performance evaluation during the year. The process was led by the Chairman and supported by the Secretaries to the Board. As part of the evaluation, the Directors performed a self-evaluation (separate set of questionnaires for Board and Board Sub Committees such as Board Audit Committee, Board Integrated Risk Management Committee, Human Resource and Remuneration Committee, Nomination and Governance Committee, and Related Party Transactions Review Committee, Board Level Information Security Committee and it was summarized by the Secretaries for the evaluation of the Board and its Sub Committees as a whole. The Secretaries maintain the records of the Board and Sub Committees' evaluations.

Following this review, the Board is satisfied that the Board and its Sub Committees are performing effectively and that there is an appropriate balance of skills, experience, independence and knowledge to enable the directors to discharge their respective duties and responsibilities effectively. The Board is also satisfied that the members of the Board, particularly the Non-Executive Directors, have sufficient time to undertake their roles at Board and Sub Committee levels within the Company.

## Management of Conflicts of Interests

A conflict of interests arises when a board member/ senior management member has a personal interest that conflicts with the interests of the Company or arise in situations where a board member/senior

management member has divided loyalties (also known as a “duality of interest”). The Company has adopted a Board approved policy on the Management of Conflicts of Interests which specifies the processes and procedures to be followed to manage conflicts since the ultimate purpose of managing a conflict of interests is protecting the public interest.

Accordingly, relationships between the directors shall not exercise undue influence or coercion. Further a director shall abstain from voting on any Board Resolution in relation to a matter in which such direction has substantial interest, is interested, and

such director shall not be counted in the quorum for the relevant agenda item in the Board meeting.

### Board and Board Sub Committee Meetings and Attendance

The Directors meet on regular basis and receive accurate, timely and relevant information for such meetings so that they can maintain full and effective oversight of strategic, financial, risk management, operational, compliance and governance issues. The following table shows the number of Board and Sub Committee meetings held during the financial year of 2024/25 and the attendance by individual Directors.

#### Directors' Attendance at Board and Sub Committee Meetings

Name of the Director	Non-Independent Non-Executive	Independent Non-Executive	Board		Board Audit Committee		Board Integrated Risk Management Committee		Related Party Transactions Review Committee		Human Resource and Remuneration Committee		Nomination and Governance Committee		Board Level Information Security Committee	
			C / M	Attendance	C / M	Attendance	C / M	Attendance	C / M	Attendance	C / M	Attendance	C / M	Attendance	C / M	Attendance
K.J.C.Perera		√	C	12	M	14/15	M	4/4	M	4/4	M	1	M	1	M	2/2
R Pestonjee	√		M	7												
Hiran Embuldeniya	√		M	11												
Thulci Aluwihare		√	M	11	M	13/15	M	2/4	C	4/4	C	1	M	1	M	1/2
D S Ratnayake		√	M	11			M	1/1			M	1				
S.M.S. Sanjaya Bandara		√	M	8	M	11/12	M	1/1	M	3/3			M	-	M	1/2
Kapuge Aruna Perera		√	M	5	M	5/5			M	2/2						
Pasan Thaminda Wanigasekera		√	M	6	C	1/1	M	3/3					C	1	C	1/1
Sharini Chamalka Kulasinghe		√	M	3			C	2/2								
Sallukkalige Danushka Indramal De Silva	√		M	2												

**C** - Indicates the Chairman of the Committee and **M** - Indicates Member of the Committee

Column Attendance Indicates the number of Meetings attended

Please refer page 119 to 130 committee reports for changes in Chairmanship and Membership of the committees.

### Management Committees

The Management Committees at Abans Finance PLC function under the guidance of the Chief Executive Officer with the direction on designing, implementing and monitoring best practices in their respective functions.

These committees implement the policies and strategies determined by the Board and Board Sub Committees and manage the business and affairs of the Company with the main objective of improving sustainable growth.



## Corporate Governance (Contd.)

Management Committees include the Asset and Liability Committee (ALCO), Credit Committee and IT Steering Committee. The scope of the Credit Committee is to review and make recommendations on credit policy and procedures, portfolio delinquency management and credit evaluation process, whilst the scope of the ALCO is to monitor and manage liquidity risks, interest rate risks, pricing and capital planning. The function of the IT Steering Committee is to ensure that the Company's information technology needs and objectives are being adequately addressed and that the IT strategy is aligned with the Company's strategic perspectives and goals.

### Engagement of External Auditors to Provide Non-Audit Services and Auditors' Independence

The External Auditors' independence is a key factor in ensuring that the financial statements of the Company meet the highest standards of financial integrity. According to the TOR of BAC, the Audit Committee of the Company annually reviews and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices. According to the TOR of BAC the audit partner shall not be assigned to any non-audit services with the company during the same financial year in which the audit is being carried out.

The BAC Committee shall make recommendations on matters in connection with the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes, the service period, audit fee and any registration or dismissal of the auditor.

Further, the Engagement Partner and / or the Partner responsible for quality review will be rotated in order to ensure the partner should not serve the Company for more than five successive years.

The external auditors KPMG have provided a declaration of their independence to the Audit Committee and the Committee evaluated their independence, objectivity and effectiveness of the audit process and recommended their re-appointment for the ensuing year.

### Delegated Authority

The Corporate Governance framework and Article 38 of the Articles of Association of the Company provide the delegation of authority and segregation of duties while enabling the Board to retain effective control. Accordingly, the Board has delegated its authority to the Board Sub Committees and the Management with clearly defined mandates, directives, and authorities, while ensuring such delegations would not hinder or reduce the ability of the Board to discharge its duties. The Board of Directors of the Company makes necessary reviews on delegated authority limits in order to ensure that the set limits remain relevant to the needs of the Company.

### Degree of Conformity with Corporate Governance Regulations

The level of compliance with the regulations on Corporate Governance is presented under the three sections given below.

Section One - The level of compliance with Corporate Governance direction no. 5 of 2021 and subsequent amendments thereto issued by the Central Bank of Sri Lanka.

Section Two – The level of compliance with the Listing Rules -Section 9 on Corporate Governance for Listed Companies issued by the Colombo Stock Exchange.

Section Three - The level of compliance with the Code of Best Practice on Corporate Governance 2017, issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

**Section One - Finance Companies (Corporate Governance) Direction No. 05 of 2021 and subsequent amendments thereto on Corporate Governance for Licensed Finance Companies in Sri Lanka.**

The Central Bank of Sri Lanka issued the Direction on Corporate Governance in order to improve, strengthen and sustain the Corporate Governance processes and practices of the Licensed Finance Companies in Sri Lanka. This Direction is identified as the Finance Companies (Corporate Governance) Direction No. 05 of 2021. The above Directions comprise of sixteen fundamental principles, namely the Board Overall responsibilities, Governance Framework, Composition of the Board, Assessment of Fitness and Propriety Criteria, Appointment and resignation of directors and senior management, The Chairperson and the CEO, Meetings of the Board, Company Secretary, Delegations of Functions by the Board, Board Sub – Committees, Internal Controls, Related Party Transactions, Group Governance, Corporate Culture, Conflicts of Interest, Disclosures.

The Company's level of compliance with the Corporate Governance Directions is tabulated below.

Rule Reference	Principle	Extent of Compliance
<b>1. Responsibilities of the Board of Directors</b>		
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.	Complied AFPLC Board holds responsibility for setting effective business strategy, ensuring sound corporate culture, and adhering to the rules and regulations. The Board responsibilities are specified in the Governance framework.
<b>1.2</b>	<b>Business Strategy and Governance Framework</b>	
a)	Approving and overseeing the implementation of the FC's overall business strategy with measurable goals for the next three years and update it annually in view of the developments in the business environment.	Complied The Board approved three-year business strategy is in force. The Board as a whole review the business strategy periodically to ensure that the Business strategy aligns with current economic 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.	Complied The Governance Framework of AFPLC was approved by the Board in June 2024 and Gap analysis for CG framework was done quarterly to assess the Effectiveness of Governance Framework.
d)	Appointing the Chairperson and the Chief Executive Officer (CEO) and define the roles and responsibilities.	Complied The Board has appointed the Chairman and the Chief Executive Officer, and clear division of responsibilities have been define in the Governance Framework.

## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
<b>1.3</b>	<b>Corporate Culture and Values</b>	
	a) Ensuring that there is a sound corporate culture within the FC, which reinforces ethical, prudent and professional behavior.	Complied The AFPLC Board actively contributes to ensure sound corporate culture and values within the company.
	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 Board approved Code of Conduct (HR policy Manual) and Conflict of Interest Policies are in place which include the FC's corporate culture and values.
	c) Promoting sustainable finance through appropriate environmental, social and governance considerations in the FC's business strategies.	Complied The sustainable financing is incorporated in the Board approved strategic plan and Board reviews the progress of the implementation of the same.
	d) Approving the policy of communication with all stakeholders, including depositors, shareholders, borrowers and other creditors, in the view of projecting a balanced view of the FC's performance, position and prospects in public and regulators.	Complied The Board approved Stakeholder Communication Policy reflects the effective delivery of stakeholder communication, and the board reviews the policy to enhance its scope of policy implementation.
<b>1.4</b>	<b>Risk Appetite, Risk Management and Internal Controls</b>	
	a) Establishing and reviewing the Risk Appetite Statement (RAS) in line with FC's business strategy and governance framework.	Complied The company is already having a board approved policy document.
	b) Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently.	Complied AFPLC Board ensures 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 through board integrated Risk Management committee and the board Audit Committee.	Complied AFPLC reviews the adequacy and the effectiveness of 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.	Partially Complied AFPLC already having a Business continuity and Disaster Recovery Plan, and the company is in the process of reviewing the same.

Rule Reference	Principle	Extent of Compliance
<b>1.5</b>	<b>Board Commitment and Competency</b>	
	a) All members of the Board shall devote sufficient time on dealing with matters relating to the affairs of the FC.	Complied The Board as a whole allocate sufficient time in exercising the functions of the Company.
	b) All members of the Board shall possess necessary qualifications, adequate skills, knowledge, and experience.	Members of the Board possess sufficient competency levels including necessary qualifications, knowledge, experience and skills.
	c) The Board shall regularly review and agree to the training and development needs of all the members.	During the annual appraisal process, the Board reviews and agrees on the training and development needs of all the members.
	d) The Board shall adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its Board as a whole and that of its committees and maintain records of such assessments.	An annual appraisal procedure is in place for self-assessment and assessment of the individual performance of each director of its Board as a whole and that of its committees and maintain records of such assessments.
	e) The Board shall resolve to obtain external independent professional advice to the Board to discharge duties to the FC.	Already included in the Corporate Governance Framework.
<b>1.6</b>	<b>Oversight of Senior Management</b>	
	a) Identify and designate the senior management, who are in a position to significantly influence policy, direct activities and exercise control over business operations and risk management.	Complied The Board has identified and designated senior management to execute business strategy, who possess the necessary qualifications, skills, experience and knowledge.
	b) Defining the areas of authority and key responsibilities for the senior management.	The job descriptions of the senior management define the responsibilities of each each of them.
	c) Ensuring the senior management possesses the necessary qualifications, skills, experience and knowledge to achieve the FC's strategic objectives.	Board approved succession plan is available for AFPLC Senior management and management meeting conducting on weekly basis.
	d) Ensuring there is an appropriate oversight of the affairs of the FC by senior management.	
	e) Ensuring the FC has an appropriate succession plan for senior management.	
	f) Meeting regularly with the senior management to review policies, establish lines of communication and monitor progress towards strategic objectives.	

## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
1.7	<b>Adherence to the Existing Legal Framework</b>	
	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.	Complied  AFPLC Board ensures conformity with the rules and regulations. The Board acts with due care and prudence, and with integrity and board is aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently.
	b) Adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards.	
	c) Acting with due care and prudence, and with integrity and be aware of potential civil and criminal liabilities that may arise from their failure to discharge duties diligently.	
<b>2. Governance Framework</b>		
2.1	<p>The board shall develop and implement a governance framework in line with these directions and including but not limited to the following.</p> <ul style="list-style-type: none"><li>a) role and responsibilities of the Board</li><li>b) matters assigned for the Board.</li><li>c) delegation of authority</li><li>d) composition of the Board</li><li>e) the Board's independence</li><li>f) the nominations, election and appointment of directors and appointment of senior management</li><li>g) the management of conflicts of interests</li><li>h) access to information and obtaining independent advice.</li><li>i) capacity building of Board members</li><li>j) the Board's performance evaluation\</li><li>k) role and responsibilities of the chairperson and the CEO</li><li>l) role of the Company secretary</li><li>m)Board sub committees and their role; and</li><li>n) limits on related party transactions.</li></ul>	Complied  The AFPLC Board has approved the Corporate Governance framework in line with the Corporate Governance Direction No.5 of 2021.

Rule Reference	Principle	Extent of Compliance
<b>3. Composition of the Board</b>		
3.1	The Board's composition shall ensure a balance of skills and experience as may be deemed appropriate and desirable for the requirements of the size, complexity and risk profile of the FC.	Complied The AFPLC Board composition add value to the company through their knowledge and experience.
3.2	The number of directors on the Board shall not be less than seven (07) and not more than thirteen (13).	Complied as per the requirement.
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 The total service period of directors not exceed nine years.
3.4	Non-executive directors, who directly or indirectly holds more than 10% of the voting rights or who appointed to represent a shareholder who directly or indirectly holds more than 10% of the voting rights by producing sufficient evidence are eligible to hold office exceeding 9 years of service with prior approval of Director, Department of Supervision of Non-Bank Financial Institutions subject to provisions contained in direction 4.2 and 4.3. Provided, however, the number of non-executive directors eligible to exceed 9 years are limited to one-fourth (1/4) of the total number of directors of the Board.	Not applicable
3.5.	Only an employee of FC shall be nominated, elected and appointed, as an Executive Director of the FC.	Not applicable AFPLC Board does not comprise Executive Directors.
<b>3.6 Non-executive Directors</b>		
a)	Non-executive directors shall possess credible track records, and have the necessary skills, competency and experience to bring independent judgment on the issues of strategy, performance, resources and standards of business conduct.	Complied Profiles of the Non-Executive Directors are given in Page 32 to 36.
b)	A non-executive director cannot be appointed or function as the CEO/executive director of the FC.	

## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
<b>3.7</b>	<b>Independent Directors</b>	
	<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>Complied</p> <p>The AFPLC Board comprises of five Independent Non-Executive Directors.</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(c) hereof, aggregate value outstanding of which at any particular time exceeds 10% of the stated capital of the FC as shown in its last audited statement of financial position.</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>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.</p> <p>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.</p> <p>vi. Director represents a shareholder, debtor, creditor or such other similar stakeholder of the FC.</p>	<p>The Independent Directors of AFPLC fulfil the given independent requirements.</p>

Rule Reference	Principle	Extent of Compliance
	<p>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.</p> <p>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.</p>	
	d) The nomination and governance 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 independence.	
	e) An independent director shall immediately disclose to the Board any change in circumstances that may affect the status as an independent director. In such a case, the Board shall review such director's designation as an independent director and notify the Director, Department of Supervision of Non-Bank Financial Institutions in writing of its decision to affirm or change the designation.	
<b>3.8</b>	<b>Alternate Directors</b>	
	a) Representation through an alternate director is allowed only;	Not applicable No alternate Director has been appointed.
	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.	



## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
	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.	
<b>3.9</b>	<b>Cooling off Periods</b>	
	a) There shall be a cooling off period of six months prior to an appointment of any person as a director, CEO of the 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.	Complied Existing CEO resigned with effect from 31/3/2025 and New CEO will be appointed after the cooling off period of 6 month after approval of CBSL
	b) A director, who fulfills 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.	
<b>3.10</b>	<b>Common Directorships</b>	
	Director or a senior management of an 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)	Not applicable The AFPLC Board does not holding directorships in another Finance Companies.
3.11	The Board shall determine the appropriate limits for directorships that can be held by directors. However, the 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.	Not Appropriate The Directorships or any equivalent positions held by the Directors of AFPLC in other entities do not exceed the given threshold.Refer page 37 Board of Directors.

Rule Reference	Principle	Extent of Compliance
<b>4. Assessment of Fitness and Propriety Criteria</b>		
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 AFPLC is following a formal procedure when appointing Directors to the Board in accordance with regulatory requirements.
4.2 & 4.3	A person over the age of 70 years shall not serve as a director of a FC.	Complied No Director serves the Company over the age of 70 years.
<b>5. Appointment and resignation of directors and senior management</b>		
5.1	The appointments, resignations or removals shall be made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	Complied AFPLC is following the regulatory guidelines during appointments, resignations or removal of Directors and Senior Management.
<b>6. The Chairperson and the CEO</b>		
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 The functions and responsibilities of the Chairman and the CEO have been clearly defined and approved by the Board of Directors.
6.2 & 6.3	The chairperson shall be an independent director, Complaint subject to 6.3 below and In case where the chairperson is not independent, the Board shall appoint one of the independent directors as a senior director, with suitably documented terms of reference to ensure a greater independent element. Senior director will serve as the intermediary for other directors and shareholders.  Nonexecutive directors, including senior director shall assess the chairperson's performance at least annually.	Complied The Chairman is an Independent Non- Executive Director.

# Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
6.4	<p>Responsibility of the chairperson.</p> <p>The responsibilities of the chairperson shall at least include the following:</p> <ol style="list-style-type: none"> <li>Provide leadership to the Board.</li> <li>Maintain and ensure a balance of power between executive and non-executive Directors.</li> <li>Secure effective participation of both executive and non-executive directors.</li> <li>Ensure the Board works effectively and discharges its responsibilities.</li> <li>Ensure all key issues are discussed by the Board in a timely manner.</li> <li>Implement decisions/directions of the regulator.</li> <li>Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the Company secretary.</li> <li>Not engage in activities involving direct supervision of senior management or any other day-to-day operational activities.</li> <li>Ensure that appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.</li> <li>Annual assessment of the Performance and the contribution during the past 12 months of the Board and the CEO.</li> </ol>	<p>Complied</p> <p>Responsibilities of the Chairman includes providing leadership to the Board, ensuring effective discharge of responsibilities of board members and implementing decisions of regulator.</p> <p>The non-executive directors annually evaluates the performance of the Chairman.</p>
6.5	<p><b>Responsibilities of the CEO</b></p> <p>The CEO shall function as the apex executive in charge of the day-to-day management of the FC's operations and business. The responsibilities of the CEO shall at least include:</p> <ol style="list-style-type: none"> <li>Implementing business and risk strategies in order to achieve the FC's strategic objectives.</li> <li>Establishing a management structure that promotes accountability and transparency throughout the FC's operations and preserves the effectiveness and independence of control functions.</li> </ol>	<p>Complied</p> <p>The Chief Executive Officer is responsible for implementing the business strategy of the Company while ensuring sound internal controls and effective risk management.</p>

Rule Reference	Principle	Extent of Compliance
	<ul style="list-style-type: none"> <li>c) Promoting, together with the Board, a sound corporate culture within the FC, which reinforces ethical, prudent and professional behavior.</li> <li>d) Ensuring implementation of proper compliance culture and being accountable for accurate submission of information to the regulator.</li> <li>e) Strengthening the regulatory and supervisory compliance framework.</li> <li>f) Addressing supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.</li> <li>g) CEO must devote the whole of the professional time to the service of the FC and shall not carry on any other business, except as a non-executive director of another company, subject to Direction 3.10</li> </ul>	

7. Meetings of the Board		
7.1	The Board shall meet at least twelve times a financial year at approximately the Board monthly intervals. Obtaining the Board's consent through the circulation of papers to be avoided as much as possible	<p>Complied</p> <p>There were twelve Board meetings during the financial year 2024/2025.</p>
7.2	The Board shall ensure that arrangements are made to enable matters and proposals by all directors of the Board to be represented on the agenda for scheduled Board Meetings.	<p>Complied</p> <p>The company has established a procedure that enable all Directors to include matters and proposals in the agenda for regular Board meetings.</p>
7.3	A notice of at least 3 days shall be given for a scheduled Board meeting. For all other Board meetings, reasonable notice shall be given.	<p>Complied</p> <p>Agenda letters are being circulating circulated by the Company Secretary to the Board of Directors at least 7 days prior to the Board meeting.</p>
7.4	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions.	<p>Complied</p> <p>The Directors allocates adequate time to contribute effectively during the Board meetings.</p>

## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
7.5	A meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present, unless at least one fourth (1/4) of the number of directors that constitute the quorum at such meeting are independent directors.	Complied The company is duly complied with the requirement.
7.6	The chairperson should hold meetings with the non-executive directors only, without the executive directors being present, as necessary, and at least twice a year.	Complied Two Meetings were held during the period.
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 The Directors refrain from voting on any Board resolution pertinent to a matter which has a substantial interest to them.
7.8	A director who has not attended at least two-thirds Situation has (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.	All directors have been attended at least two thirds of the meetings and non-attendance of consecutive three meetings did not arise. Refer page 43 for details on Directors' attendance at Board meetings
<b>7.9</b>	<b>Schedule Board Meetings and Ad Hoc Board Meetings</b>	
	For the scheduled meetings, participation in person is encouraged and for adhoc meetings where director cannot attend on a short notice, participation through electronic means is acceptable.	Complied

Rule Reference	Principle	Extent of Compliance
<b>8. Company Secretary</b>		
8.1	<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 appointed the Company secretary, such person shall become an employee of FC and shall not become an employee of any other institution.</p>	<p>Not Complied</p> <p>The Board has appointed M/S. Varners International (Pvt) Limited as the secretary to carry out all the functions and responsibilities on accordance with statutory and regulatory requirements and the company will comply the new governance requirement.</p>
8.2	All directors shall have access to advice and services of the Company secretary with a view to ensuring the Board procedures laws, directions, rules and regulations are followed.	<p>Complied</p> <p>A Board-approved procedure is in place to enable all Directors to access the Company Secretary with a view to ensure that Board procedures and all applicable laws, directions, rules and regulations are followed.</p>
8.3	The company secretary shall be responsible for preparing the agenda in the event the chairperson has delegated carrying out such function.	Complied
8.4	The company secretary shall maintain the minutes of the Board meetings with all submissions to the Board and/or voice recordings/ video recordings for a minimum period of 6 years.	<p>Complied</p> <p>The company secretary maintains the minutes of the Board meetings and other recording materials for the period specified in the Direction.</p>

## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
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 The Company Secretary records the proceedings of the meetings and the decisions taken throughout the period with sufficient details.
8.6	Minutes of the Board meetings shall be recorded in sufficient detail so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of a Board meeting shall clearly include the following: (a) a summary of data and information used by the Board in its deliberations; (b) the matters considered by the Board; (c) the fact- finding discussions and the issues of contention or dissent, including contribution of each individual director; (d) the explanations and confirmations of relevant parties, which indicate compliance with the Board's strategies and policies and adherence to relevant laws, regulations, directions; (e) the Board's knowledge and understanding of the risks to which the FC is exposed, and an overview of the risk management measures adopted; and (f) the decisions and Board resolutions.	Detailed minutes are kept covering the given criteria and the Board minutes contain the required details such as contribution of individual Directors, decisions and Board resolutions, ultimate decision of the Board, whether it complies with strategies and policies of the Company, Board knowledge and understanding of risk management measures adopted by the Company.
8.7	The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	
<b>9. Delegations of Functions by the Board</b>		
9.1	The Board shall approve a Delegation of Authority (DA) and give clear directions to the senior management, as to the matters that shall be approved by the Board before decisions are made by senior management, on behalf of the FC.	Complied The Board is approving the delegation of authorities and provides clear directions to the Senior Management to executive strategic functions.
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 The Board has appointed Board Audit committee, Board Integrated Risk Management Committee, Nomination and Governance Committee and Related Party Transactions Review Committee as specified in section 10 of this Direction.

Rule Reference	Principle	Extent of Compliance
9.3	The Board may establish appropriate senior management level sub-committees with appropriate DA to assist in Board decisions.	Complied The Board has established Management level committees such as Management committee, Asset and Liability committee (ALCO), IT steering committee and Credit Committee with appropriate delegation authorities.
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 The Board delegates matter to its board sub-committees or senior management to an extent that such delegation would not significantly hinder or reduce the ability of the Board as a whole to discharge its functions.
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 The Board periodically reviews the delegation of authorities and the pertinent processes to ensure its effectiveness.

#### 10. Board Sub – Committees

The Company has adopted section 10 of the Direction from the Financial Year 2024/2025 under transitional provision specified in the Direction. Accordingly, section 8 of Finance Companies (Corporate Governance) Direction No.3 of 2008, is currently being adhered.-Transitional provision 01st July 2024.

10.1.a	<p>FCs are divided into two categories, based on the asset base and assets base of more than Rs. 20 bn and FCs with asset base of less than Rs. 20 bn, subject to transitional provisions. Asset base less than Rs. 20 bn shall establish at least the BAC, BIRMC, RPTRC. Meetings shall be held at least quarterly for BAC &amp; BIRMC. Other committees meet at least annually.</p> <p>Frequency of Sub Committee meetings</p>	<p>The Following Committees have been appointed by the Board and each of such committee is required to report to the Board</p> <ol style="list-style-type: none"> <li>1. Board Audit Committee on pages 119 to 121</li> <li>2. Board Integrated Risk management committee on pages 128 to 130</li> <li>3. Board Nomination and Governance committee on page 126</li> <li>4. Board Human resource and Remuneration committee on pages 124 to 125</li> <li>5. Board Related party transactions review committee on pages 122 to 123</li> <li>6. Board Level Information Security Committee on page 127</li> </ol> <p>Meetings are held as defined in the direction or more frequently as per the respective TOR of the Sub-Committee.</p> <p>Recommendations of these committees are forwarding directly to the Board and minutes of meetings are tabled and discussed at the Board meeting.</p> <p>BAC meetings are held on monthly basis, BIRMC and RPTRC meetings are held on every quarter and other meeting shall be hold at least on annual basis.</p>
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## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
10.1.b	Each sub-committee shall have a board approved written TOR specifying clearly its authority and duties.	Complied Board Approved TORs are available for each Board Sub Committee.
10.1.c	Board shall Present a report on the performance of duties and functions of each Board sub-committees at the annual general meeting.	The Board has conducted a sub-committee evaluation for the financial year 2024/25. Please refer to the respective Board Sub-Committee reports on pages 119 to 130.
10.1.d	Each sub-committee shall appoint a secretary to arrange its meetings. Maintain minutes, recordings and carry out other secretarial functions.	Complied Company Secretary functions as the Secretary for all Board Sub Committees.
10.1.e	Each sub-committee shall consist of at least 3 Board members and who have skills, knowledge and experience relevant to the responsibilities of the committee.	Complied All the board sub-Committees are comprising with independent non-executive directors who possess the skills, knowledge and experience relevant to the responsibilities of the Board Sub Committees. Please refer to the respective board Sub Committee report on page 119 to 130 and on pages 140 to 144 report of the Board of Directors.
10.1.f	The Board may consider occasional rotation of members and chairperson each committee.	Complied During the year 2024/25, the Chairperson and members of committees were changed.
<b>10.2</b>	<b>Board Audit Committee (BAC)</b>	
10.2.a	The chairperson of BAC shall be an independent director who possesses qualifications and experience in accountancy and/ or audit.	Complied Chairperson of the Committee is a Independent Non-Executive Director. Refer pages 119 to 121 Board Audit Committee (BAC) Report.
10.2.b	The board members appointed to the BAC shall be non-executive directors and majority shall be independent directors with the necessary qualifications and experience relevant to the scope of the BAC.	Complied All four (4) members of the BAC Committee are independent Non-Executive Directors. Refer pages 119 to 121 Board Audit Committee (BAC) report
10.2.c	The secretary to the BAC shall preferably be the Chief Internal Auditor (CIA).	Complied The Secretaries of the Company functioned as the Secretaries of the Committee.

Rule Reference	Principle	Extent of Compliance
<b>10.2.d</b>	<b>External Audit Function</b>	
10.2.d.i	The BAC shall make recommendations on matters in connection with the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes, the service period, audit fee and any resignation or dismissal of the auditor.	<p>Complied</p> <p>Messer. KPMG, Chartered Accountants was appointed as External Auditor for audit services with the recommendation of the BAC as the implementation of guidelines issued by Central Bank of Sri Lanka; the application of accounting standards in consultation with the Chief Financial Officer and External Auditors; the service period, audit fees, resignation or dismissal of an auditor, re-engaging the audit partner in line with the regulatory requirements.</p>
10.2.d.ii	The engagement of an audit partner shall not exceed five years, and the same 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. FC shall not use the service of the same external audit firm for not more than ten years consecutively.	<p>Complied</p> <p>Messer. KPMG, Chartered Accountants was appointed as External Auditor in September 2024</p>
10.2.d.iii	Audit partner shall not be a substantial shareholder, director, senior management or employee of any FC.	<p>Complied</p> <p>Audit Partner is not a director or employee and does not hold any Senior Management position of the Company. A declaration has been obtained confirming that the audit partner does not hold any shares of the Company.</p>
10.2.d.iv	The committee shall review and monitor the external auditor's independence, objectivity and effectiveness of the audit processes in accordance with applicable standards and best practices.	<p>Complied</p> <p>The External Auditor has provided an independent confirmation in compliance with the guidelines for appointment of auditors of listed companies. In order to safeguard the objectivity and independence of the External Auditor, the Board Audit Committee reviewed the nature and scope taking into account of the regulations and guidelines.</p>
10.2.d.v	Audit partner shall not be assigned to any non-audit services during the same financial year in which the audit is being carried out. The BAC shall develop and implement a policy with the approval of the Board on the engagement of an external audit firm to provide non-audit services that are permitted under the relevant regulatory framework. In doing so, the BAC shall ensure that the provision of service by an external audit firm of non-audit services does not impair the external auditor's independence or objectivity.	<p>Complied</p> <p>According to the approved BAC TOR, Audit partner shall not engage in any non-audit services with the company.</p>

## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
10.2.d.vi	<p>Before the audit commences, discuss and finalize with the external auditors the nature and scope of the audit, including:</p> <ul style="list-style-type: none"> <li>(i) an assessment of the FC's compliance with Directions issued under the Act and the management's internal controls over financial reporting.</li> <li>(ii) the preparation of financial statements in accordance with relevant accounting principles and reporting obligations; and</li> <li>(iii) the co-ordination between auditors where more than one auditor is involved.</li> </ul>	<p>Complied</p> <p>The Auditors conducted a presentation at the BAC meeting with details of the proposed audit plan and the scope including assessment of company's compliance with regulatory requirements and internal controls over financial reporting, preparation of financial statements in conformity with relevant accounting principles and reporting obligations, and co-ordination between the other Auditor of the group. Members of the BAC obtained clarifications in respect of the contents of the presentation.</p>
10.2.d.vii	<p>Review the financial information of the FC, in order to monitor the integrity of the financial statements in its annual report, accounts and periodical reports prepared for disclosure, and the significant financial reporting judgments contained therein. In reviewing the FC'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"> <li>(i) major judgmental areas;</li> <li>(ii) any changes in accounting policies and practices;</li> <li>(iii) significant adjustments arising from the audit.</li> <li>(iv) the going concern assumption; and</li> <li>(v) compliance with relevant accounting standards.</li> </ul>	<p>Complied</p> <p>Annual and quarterly financial statements are circulated in advance to the BAC. A detailed discussion focused on major judgement areas, changes in accounting policies, significant audit judgements in the financial statements, going concern assumptions and compliance with accounting standards and other legal requirements are taken place and required clarifications are obtaining in respect of all areas before being recommended for Board approval.</p>
10.2.d.viii	<p>The BAC shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of senior management, if necessary.</p>	<p>Complied</p> <p>The BAC met the External Auditors without the presence of the Executive Directors / Senior Management</p>
10.2.d.ix	<p>The BAC shall review the external auditor's management letter and the management's response there to within 3 months of submission of such, and report to the Board.</p>	<p>Complied</p> <p>The Board Audit Committee is reviewing the Management Letter issued by the External Auditors with the responses of the Management.</p>
10.2.e	<p>At least annually conduct a review of the effectiveness of the system of internal controls.</p>	<p>Complied</p> <p>Internal Audit department annually conducts the review of internal controls and present report to the Audit Committee.</p>

Rule Reference	Principle	Extent of Compliance
10.2.f	The BAC shall ensure that the senior management are taking necessary corrective actions in a timely manner to address internal control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors and supervisory bodies with respect to internal audit function of the FC.	Complied  Internal control weaknesses, non-compliance with policies, laws and regulations, and other discrepancies identified by the External Auditor, supervisory bodies and the Internal Audit function. The Committee continuously follow up the Management letter and other reports issued by the regulatory bodies to ensure that necessary corrective actions are taken to address any internal control weaknesses, non-compliance with policies, laws and regulations
<b>10.2.g</b>	<b>Internal Audit Function</b>	
10.2.g.i	The committee shall establish an independent internal audit function (either in-house or outsourced as stipulated in the Finance Business Act (Outsourcing of Business Operations) Direction or as amended that provides an objective assurance to the committee on the quality and effectiveness of the FC's internal control, risk management, governance systems and processes.	Complied  A fully-fledged Internal Audit Department (IAD) is in place to provide independent assurance to the committee on the quality and effectiveness of the existing internal control systems of the Company, risk management, governance practices and processes.
10.2.g.ii	The internal audit function shall have a clear mandate, be accountable to the BAC, be independent and shall have sufficient expertise and authority within the FC to carry out their assignments effectively and objectively.	Complied  Manager Internal Audit directly reports to the BAC. Internal Audit function is having clear mandate to carry out its functions within the company. The BAC reviews and ensures that Internal Audit function have sufficient expertise and authority to carry out its work independently, effectively and objectively. The Board approved Internal Audit Procedure manual is in place for effective discharge of its duties. The Internal Audit Procedure manual was latesty reviewed and approved by the Board on 23rd June 2025.
10.2.g.iii	The BAC shall take the following steps with regard to the internal audit function of the FC:	Complied  The Internal Audit functions are available in the BAC TOR.
	(i) Review the adequacy of the scope, functions and skills and resources of the internal audit department and ensure the internal audit department has the necessary authority to carry out its work.	(i) The Audit Committee has reviewed the information provided in the risk-based audit plan and concluded that scope, functions and resources of the Internal Audit Department are sufficient to carry out its functions.
	(ii) Review the internal audit program and results of the internal audit process and, where necessary, ensure appropriate actions are taken on the recommendations of the internal audit.	(ii) The Audit Committee has reviewed and approved the Internal Audit Plan.

## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
	(iii) Assess the performance of the head and senior staff members of the internal audit department.	(iii) BAC Assess the performance of the head and senior staff members of the internal audit department.
	(iv) Ensure the internal audit function is independent, and activities are performed with impartiality, proficiency and due professional care.	(iv) The Committee ensures the independence of the Internal Audit function from the activities and it audits and ensures that audits are conducted with impartiality, proficiency, and due professional care and confidentiality was maintained throughout the audit process.
	(v) Ensure internal audit function carry out periodic review of compliance function and regulatory reporting to regulatory bodies.	(v) Periodic reviews are conducting by the IAD on regulatory reporting to regulatory bodies such as CBSL, FIU, IRD. Annual Audit plan included the reviewing of Compliance function during the year.
	(vi) Examine the major findings of internal investigations and management's responses thereto.	(vi) Whenever a need arises, The BAC and Senior Management assigns special internal investigations on certain matters to the Internal Audit Department and reviews major findings with the management responses thereto and ensures that the recommendations are implemented.
10.2.h	Review the statutory examination reports of the Central Bank of Sri Lanka (CBSL) and ensure necessary corrective actions are taken in a timely manner and monitor the progress of implementing the time bound action plan quarterly.	Complied The Internal Audit department presents on quarterly basis the update of time bound action plan of statutory investigation report issued by CBSL (on-site investigation report) to the BAC and ensure whether corrective actions are taken in a timely and effective manner.
<b>10.2.i</b>	<b>Meetings of the Committee</b>	
10.2.i.i	The BAC shall meet as specified in 10.1 above, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	Complied
10.2.i.ii	Other Board members, senior management or any other employee may attend meetings upon the invitation of the committee when discussing matters under their purview.	Complied Members of the BAC, Manager Internal Audit attend to the meeting and the Chief Executive Officer and other Senior Management personnel are attending the meeting by invitation.
10.2.i.iii	BAC shall meet at least twice a year with the external auditors without any other directors/ senior management/ employees being present.	One (1) meeting was held with the External Auditors during the year without the presence of any other Directors, Senior Management or employees.

Rule Reference	Principle	Extent of Compliance
10.3	<b>Board Integrated Risk Management Committee (BIRMC)</b>	
10.3.a	<p><b>The chairperson should be an independent director</b></p> <p>The Board members appointed to BIRMC shall be non-executive directors with knowledge and experience in banking, finance, risk management issues and practices. The CEO and Chief Risk Officer (CRO) may attend the meetings upon invitation. The BIRMC shall work with senior management closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.</p>	<p>Complied</p> <p>The Chairman of the Committee (Ms. S.C Kulasinghe) is an Independent Non-Executive director. The Committee consists of four (4) Independent Non-Executive Directors with sufficient knowledge and experience in banking, finance, risk management issues and practices. The CEO, Compliance Officer, Assistant Manager Risk and relevant Senior Management personnel attended by invitation. The Committee closely work with Senior Management personnel and makes decisions on behalf of the Board within the Board approved Terms of Reference of the Committee.</p>
10.3.b	<p>The secretary to the committee may preferably be the CRO</p>	<p>Complied</p> <p>Company Secretary functions as the Secretary to the Committee.</p>
10.3.c	<p>The committee shall assess the impact of risks including credit, market, liquidity, operational, strategic, compliance and technology, to the FC at least on once in two months basis through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board.</p>	<p>Partially Complied</p> <p>The Risk department quarterly assess the credit risk, operational risk, Liquidity risk and Market Risk and present the report to the BIRMC. The strategic, compliance and technology risk being assessed from financial year 2025/26 onwards.</p>
10.3.d	<p>Developing FC's risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level and types of risk that a FC will accept, or avoid, in order to achieve its strategic business objectives. The RAS should include quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation and compliance risks as well as money laundering and unethical practices. The RAS should also define the boundaries and business considerations in accordance with which the FC is expected to operate when pursuing business strategy and communicate the risk appetite linking it to daily operational decision making and establishing the means to raise risk issues and strategic concerns throughout the FC.</p>	<p>Complied</p> <p>The Company is in the process of finalizing the Risk Appetite Statement (RAS) and company presents credit risk, operational risk, Liquidity risk and Market Risk to the BIRMC.</p>

## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
10.3.e	Review the risk policies including RAS, at least annually.	Complied Risk Management Policy and Risk Appetite Statement will be review periodically.
10.3.f	Review the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	Complied AFPLC have recently reviewed all TORs of all management level sub committees and that includes the annual evaluation criteria. Further, Company will implemente the annual evaluations to review adequacy and effectiveness of senior management level committees.
10.3.g	The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans.	Partially Complied The Committee has reviewed the Business Continuity Plan. The disaster recovery plan is included in the company ISSP policy. Further the BIRMC assess all aspects of risks and present to the BIRMC.
10.3.h	Annually assess the performance of the compliance officer and the CRO.	Complied The Chairman of the BIRMC Committee annually assess the performance of the Compliance Officer and Assistant Manager Risk.
<b>10.3.i</b>	<b>Compliance Function</b>	
10.3.i.i	Shall establish an independent compliance function to assess the FC's compliance with laws, regulations, directions, rules, regulatory guidelines and approved policies on the business operations.	Complied Independent Compliance function is in place to assess the Compliance with laws, regulations, rules, directions, regulatory guidelines and Board approved policies on the Business operations.
10.3.i.ii	For FCs with asset base of more than Rs. 20 bn, a dedicated compliance officer considered to be senior management with sufficient seniority, who is independent from day-to- day management shall carry out the compliance function and report to the BIRMC directly. The compliance officer shall not have management or financial responsibility related to any operational business lines or income-generating functions, and there shall not be 'dual hating'. i.e. the chief operating officer, chief financial officer, chief internal auditor, chief risk officer or any other senior management shall not serve as the compliance officer.	Not applicable.

Rule Reference	Principle	Extent of Compliance
10.3.i.iii	For FCs with asset base of less than Rs. 20bn, an officer with adequate seniority considered to be senior management shall be appointed as compliance officer avoiding any conflict of interest.	<p>Complied</p> <p>A Middle Management Officer with appropriate seniority has been assigned as the Company's Compliance Officer. This Compliance Officer reports directly to the BIRMC and does not engage in any management, operational activities, or income generating functions while fulfilling his / her role as the Compliance Officer. The Board approved Compliance Manual and Charter is in place to govern the Compliance function of the Company.</p>
10.3.i.iv	<p>The BIRMC shall ensure responsibilities of a compliance officer would broadly encompass the following:</p> <ul style="list-style-type: none"> <li>(i) Develop and implement policies and procedures designed to eliminate or minimize the risk of breach of regulatory requirements.</li> <li>(ii) ensure compliance policies and procedures are clearly communicated to all levels of the FC to enhance the compliance culture;</li> <li>(iii) ensure reviews are undertaken at appropriate frequencies to assess compliance with regulatory rules and internal compliance standards;</li> <li>(iv) understand and apply new legal and regulatory development relevant to the business of FC;</li> <li>(v) secure early involvement in the design and structuring of new products and systems, to ensure conformity with the regulatory requirements internal compliance and ethical standards;</li> <li>(vi) highlight serious or persistent compliance issues and where appropriate, work with the management to ensure that they are rectified within an acceptable time; and</li> <li>(vii) maintain regular contact and good working relationship with regulators based upon clear and timely communication and a mutual understanding of the regulators' objectives with highest integrity.</li> </ul>	<p>Complied</p> <p>The Job Description (JD) of the Compliance Officer has been reviewed by the Chairman of the BIRMC in Compliance within this direction and best practices. The Compliance Officer's JD and Compliance Policy cover mainly the following.</p> <ol style="list-style-type: none"> <li>1. Maintain compliance through sound compliance framework</li> <li>2. Facilitate AML/CFT Compliance</li> <li>3. Be current with legislative and administration</li> <li>4. Manage Compliance Audits</li> <li>5. Risk Management</li> </ol>



## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
<b>10.3.j</b>	<b>Risk Management Function</b>	
10.3.j.i	Establish an independent risk management function responsible for managing risk-taking activities across the FC.	Complied Currently company has initiated a Risk Department.
10.3.j.ii	For FCs with asset base of more than Rs. 20 bn, it is expected to have a separate risk management department and a dedicated CRO considered to be senior management shall carry out the risk management function and report to the BIRMC periodically.	Not Applicable
10.3.j.iii	The CRO has the primary responsibility for implementing the Board approved risk management policies and processes including RAS in order to ensure the FC's risk management function is robust and effective to support its strategic objectives and to fulfill broader responsibilities to various stakeholders.	Complied
10.3.j.iv	The BIRMC shall ensure that the CRO is responsible for developing and implementing a Board approved integrated risk management\ framework that covers ; (i) Various potential risk and frauds; (ii) possible sources of such risks and fraud; (iii) mechanism of identifying, assessing, monitoring and reporting of such risks which includes quantitative and qualitative analysis covering stress testing; (iv) effective measures to control and mitigate risks at prudent levels; and (v) relevant officers and committees responsible for such control and mitigation. The framework shall be reviewed and updated at least annually.	Complied The Committee has Board approved policies on credit risk management, operational risk management and overall enterprise risk management which provide a framework for management and assessment of risks. Accordingly, regular reports on quantitative as well as qualitative risks are being reviewed by the Committee in discharging its responsibilities as per the terms of reference. The risk management framework covers potential risks and frauds, possible sources of such risks and frauds, process of identifying, assessing, monitoring and reporting risks, controls and mitigating factors and accountabilities. The BIRMC reviews and updates the framework at least on annual basis.
10.3.j.v	The CRO shall also participate in key decision-making processes such as capital and liquidity planning, new product or service development, etc., and make recommendations on risk management.	Partially Complied Assistant Manager Risk participates for ALCO meetings and BIRMC meetings where capital and liquidity is planned. Further, new products and services are reviewed by risk in order to identify and mitigate the risks.
10.3.j.vi	The CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis.	Complied Risk Officer reports the company risk to the BIRMC quarterly basis and company is in the process of implementing risk register.

Rule Reference	Principle	Extent of Compliance
10.3.j.vii	The BIRMC shall submit a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions.	Complied The Committee has kept the Board informed of their risk assessment of the Company by forwarding a risk report to upcoming Board meeting seeking Board's views and directions.
<b>10.4</b>	<b>Nomination and Governance Committee</b>	
10.4.a	The committee shall be constituted with non-executive directors and preferably the majority may be independent directors. An independent director shall chair the committee. The CEO may be present at meetings by invitation of the committee.	Complied The nomination and Governance committee has been reconstituted and currently the committee comprised with four (4) Independent Non-Executive Directors and the chairman of the committee is an Independent director. The CEO also present to the meeting by invitation. Refer page 126 Nomination and Governance committee report.
10.4.b	Secretary to the nomination and Governance committee may preferably be the company secretary.	Complied Company Secretary functions as the Secretary to the Nomination and Governance Committee.
10.4.c	The committee shall implement a formal and transparent procedure to select/appoint new directors and senior management. Senior management are to be appointed with the recommendation of CEO, excluding CIA, CRO and compliance officer.	Complied According to the Nomination and Governance Committee TOR, the Committee will implement a formal and transparent procedure to select/appoint new Directors and Senior Management. The Senior Management are appointed with the recommendation of relevant Directors and the CEO except CIA, CRO and Compliance Officer.
10.4.d	The committee shall ensure that directors and senior management are fit and proper people to perform their functions as per the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction	Complied Fitness and propriety for CEO and Board of Directors are evaluated on an annual basis and for Senior Management fitness and propriety is evaluated at the time of appointment, promotion, renewal of contracts or on lateral moves.
10.4.e	The selection process shall include reviewing whether the proposed directors (i) possess the knowledge, skills, experience, independence and objectivity to fulfill their responsibilities on the board; (ii) have a record of integrity and good repute; and (iii) have sufficient time to fully carry out their responsibilities.	Complied The criteria set out in this direction are considered at the selection and recommendation process of Directors by the BNGC and the Board. The profiles of the directors are in the pages 32 to 36.

## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
10.4.f	The committee shall strive to ensure that the Board composition is not dominated by any individual or a small group of individuals in a manner that is detrimental to the interests of the stakeholders and the FC as a whole.	Complied The Committee ensured that the composition of the Board does not dominate by any individual or a group of individuals in a manner that is detrimental to the interest of the stakeholders of the Company.
10.4.g	The committee shall set the criteria, such as qualifications, experience and key attributes required for eligibility, to be considered for appointment to the post of CEO and senior management.	Complied The BNGC will set the criteria to ensure the availability of adequate qualifications, experience, skills and key attributes required for eligibility to discharge duties as CEO, Directors and Senior Management personnel.
10.4.h	Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the company secretary to disclose to shareholders: (i) a brief resume of the director; (ii) the nature of the expertise in relevant functional areas; (iii) the names of companies in which the director holds directorships or memberships in Board committee; and (iv) whether such director can be considered as independent.	Complied Details of new Directors are disclosed to the shareholders at the time of their appointment by way of announcements made to the Colombo Stock Exchange (CSE) as well as in the Annual Report. Prior approval for appointments of new Directors is obtained from the Director of Department of Supervision of Non-Bank Financial Institutions of Central Bank of Sri Lanka and notification is sent to CSE. All new appointments are reviewed by the Committee.
10.4.i	The committee shall consider and recommend (or not recommend) the re-election of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the FC and contribution made by the director concerned towards the discharge of the Board's overall responsibilities.	Complied The company did not hold any meetings during the reporting financial period. Further the Committee will make recommendations to the Board considering that the combined knowledge of the Board exists, the performance towards strategic demand faced by the Company and contribution made by each Director towards discharge of Board's overall responsibilities.
10.4.j	The committee shall consider and recommend from time to time, the requirements of additional/new expertise and the succession arrangements for retiring directors and senior management.	Complied The board approved succession plan for Senior Management is in place. Company will implement process to obtain the recommendations from the nomination and Governance committee.

Rule Reference	Principle	Extent of Compliance
10.4.k	A member of the nomination committee shall not participate in decision making relating to own appointment/ reappointment and the Chairperson of the board should not chair the committee when it is dealing with the appointment of the successor.	Complied  The members of the nomination & Governance committee do not participate in decision making relating to their own appointments or reappointments. Further, Chairman of the Board abstains from the meeting when matters related to his successor is discussed.
<b>10.5 Human Resource and Remuneration Committee</b>		
10.5.a	The committee shall be chaired by a non-executive director and the majority of the members shall consist of non-executive directors.	Complied  All the three (3) members of the Committee are Independent Non-Executive Directors.
10.5.b	The secretary to the human resources and remuneration committee may preferably be the company secretary.	Complied  The secretaries of the company functioned as the secretaries of the committee.
10.5.c / 10.5.d	Availability of formal & transparent Board Approved Remuneration Policy/procedure.	Partially Complied  The remuneration policy is part of the HR manual, and it has been developed to achieve fair and equitable benefits with transparent guidelines.  The prevailing policy was recommended by the Human resource and remuneration committee and approved by the Board of Directors. Further, the Company is in the process of reviewing the existing HR policy manual which includes the allowance structure for non-executive directors of the company. Please refer to the Board Human Resources and Remuneration Committee Report on pages 124 to 125 for more details.
10.5.e	The committee shall recommend the remuneration policy for the approval of the Board on paying salaries, allowances and other financial incentives for all employees of the FC. The policy should be subject to periodic review of the Board, including when material changes are made.	Complied  The Remuneration Policy is reviewed periodically and recommended by the Committee for the approval of the Board on paying salaries allowances and other financial incentives for directors and employees of the Company.
10.5.f	Developing the remuneration structure shall be in line with the business strategy, objectives, values, long-term interests and cost structure of the FC. It should also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not incentivize employees to take excessive risks or to act in self-interest.	Complied  The remuneration structure is in line with the business strategy, objectives, values. Long-term interests and cost structure of the Company and it also incorporated measures to avoid conflict of interest. The Committee is mindful to abstain from incentivizing employees for taking excessive risks or act in self-interests.

## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
10.5.g	The committee shall review the performance of the senior management (excluding chief internal auditor, compliance officer, chief risk officer) against the set targets and goals, which have been approved by the Board at least annually, and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.	Partially Complied  The company will initiate actions to review the performance of senior management by the HRRC committee with the recommendations of the CEO.  Further, the performance evaluations of the Manager Internal Audit, Compliance Officer will be carried out by the respective board Sub Committees.
10.5.h	The committee shall ensure that the senior management should abstain from attending committee meetings when matters relating to them are being discussed.	Complied  Senior Management abstain from attending meetings when matters related to them are being discussed.
<b>11. Internal Controls</b>		
11.1 / 11.2	Availability of Internal control system include organizational structure, segregation of duties, clear management reporting lines and adequate operating procedures.	Complied  AFPLC has adopted a robust internal control system that reflects clear reporting lines with segregation of duties and Board approved organization structure to effectively mitigate the operational risk.
11.3	Providing the responsibility for Internal Controls for all employees as part of their accountability for achieving objectives.	Complied  All employees were made accountable and responsible for internal controls as part of their routine functions through the various policies and procedures of the Company. This may include in the JD of all employees. Any violations of internal controls are reported to the BAC by the Internal Audit Department. And the company board approved a whistle blowing policy that encourages the whistleblowers to report any such violations.
<b>12. Related Party Transactions</b>		
12.1	Availability of Board approved policy and procedure on Related Party Transactions.	Complied  A Board approved policy for Related Party Transactions is available to govern the related party transactions.
12.1.a	Establish of Related Party Transactions Review Committee (RPTRC) and the chairperson shall be an independent director, and the members shall be non-executive directors.	Complied  The Board has appointed a Board Related Party Transactions Review Committee in conformity with the direction. The Committee is comprised of three (3) Independent Non-Executive Directors. Chairman also Independent Non-Executive Director. AFPLC has adopted a Board approved Related Party Transaction Policy and Procedure and RPTRC TOR.

Rule Reference	Principle	Extent of Compliance
12.1.b	All related party transactions shall be prior reviewed and recommended by RPTRC	<p>Complied</p> <p>The Board approved policy is in place to govern the Related Party Transactions. As defined in the Policy, Related Party Transactions are reviewed and recommended by RPTRC for the Board's approval. The board approved RPT policy outlines the transactions that can be carried out by the company to avoid any non-compliance and conflicts of interest.</p>
12.2	<p>The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the FC with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purposes of this Direction. In this regard, there shall be a named list of natural persons/institutions identified as related parties, which is subject to periodic review as and when the need arises.</p> <ul style="list-style-type: none"> <li>a) Directors and senior management.</li> <li>b) Shareholders who directly or indirectly holds more than 10% of the voting rights of the FC.</li> <li>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.</li> <li>d) Directors and senior management of legal person in paragraph (b) or (c)</li> <li>e) Relatives of a natural person described in paragraph (a), (b) or (d)</li> <li>f) Any concern in 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.</li> </ul>	<p>Complied</p> <p>The board approved RPT policy outlines the list of Natural Persons/ Institutions identified as related parties.</p>

## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
12.3	<p>The committee shall ensure that the FC does not engage in business transactions with related party in a manner that would grant such party a favorable treatment than that is accorded to other similar constituents of the FC. For the purpose of the paragraph, more favorable treatment shall mean:</p> <ul style="list-style-type: none"> <li>a) Granting of total accommodation to a related party exceeding a prudent percentage of the FCs regulatory committee.</li> <li>b) Charging of a lower rate of interest or paying a rate of interest or paying a rate of interest exceeding the rate paid for a comparable counterparty.</li> <li>c) Providing preferential treatment, such as favorable terms, that extends beyond the terms granted in the normal course of business with unrelated parties.</li> <li>d) Providing or obtaining services to or from a related party without a proper evaluation procedure; or</li> <li>e) Maintaining reporting lines and information flows between the 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</li> </ul>	<p>Complied</p> <p>The Board-approved Related Party Transactions Review Policy contains provisions to ensure compliance, and the Related Party Transactions Review Committee ensures that all the transactions with Related Parties are on arm's length basis. The Company has developed a separate system to monitor Related Party Transactions to ensure that related party transactions are not entered into on more favorable terms than those offered to others, and where applicable relevant approvals of the Related Party Transactions Review Committee/ Board are obtained.</p> <ul style="list-style-type: none"> <li>a) Company had included the prudent percentage in the Related party policy and procedure.</li> <li>b) Not provided.</li> </ul>
<b>13. Group Governance</b>		
13.1	Responsibilities of the FC as a Holding Company	Not Applicable
13.2	Responsibilities as a Subsidiary	Not Applicable

Rule Reference	Principle	Extent of Compliance
<b>14. Corporate Culture</b>		
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.	<p>Complied</p> <p>Board approved Code of Conduct (HR policy Manual) and Conflict of Interest Policies are in place issuing guidelines on appropriate conduct on confidentiality, conflict of interest, integrity of reporting, protection and proper use of Company assets and fair treatment of customers.</p>
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	<p>Complied</p> <p>If a breach of the Code of Conduct is reported, the Company maintains records on such breaches of Code of Conduct.</p>
14.3	A FC shall establish a Whistle-Blowing 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 confident manner and without the risk of reprisal. The BAC shall review the policy periodically.	<p>Complied</p> <p>The Company has a Board-approved Whistleblowing Policy whereby employees of the Company are entitled to raise concerns in confidence about the malpractices in the Company. The BAC ensures that a proper process is in place in line with the Board approved policy for a fair and independent investigation and appropriate follow-up action on such matters.</p>
<b>15. Conflicts of Interest</b>		
15.1.a	Relationships between the directors shall not exercise undue influence or coercion. 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>Complied</p> <p>A Board approved conflict of interest policy is in place that covers the stipulated requirements. This policy prohibits directors from using his or her position to divulge confidential, sensitive information, for personal benefit.</p>



# Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
15.1.b	<p>The Board shall have a formal written policy and an objective compliance process for implementing the policy to address potential conflicts of interest with related parties. The policy for managing conflicts of interest shall,</p> <ol style="list-style-type: none"> <li>Identify circumstances which constitute or may give rise to conflicts of interests</li> <li>Express the responsibility of directors and senior management to avoid, to the extent possible, activities that could create conflicts of interest</li> <li>Define the process for directors and senior management to keep the Board informed of any change in circumstances that may give rise to a conflict of interest</li> <li>Implement a rigorous review and approval process for director and senior management to follow before they engage in certain activities that could create conflicts of interest</li> <li>Identify those responsible for maintaining updated records on conflicts of interest with related parties, and articulate how any non-compliance with the policy to be addressed.</li> </ol>	<p>Complied</p> <p>A Board approved Conflict of Interest Policy is in place covering all aspects of these directions and best practices.</p>

16. Disclosures										
16.1	Board shall ensure annual audited financial statements and periodical financial statements are prepared accordance with the formats and published in the newspaper in Sinhala, Tamil and English.									
16.1. i	<p>Financial statements</p> <p>In addition to the set of financial statements as per LKAS1 or applicable standard annual report shall include,</p> <ul style="list-style-type: none"><li>• A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures.</li><li>• A statement of responsibility of the Board in preparation and presentation of financial statements.</li></ul>	<p>Annual Audited Financial Statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards. The annual Audited Financial Statements of the reporting period have been published in the following newspapers.</p> <table><tr><th>Medium of Publication</th><th>Date(s) of Publication</th></tr><tr><td>Sinhala (Dinamina)</td><td>27.06.2025</td></tr><tr><td>Tamil (Thinakaran)</td><td>27.06.2025</td></tr><tr><td>English (Daily FT)</td><td>27.06.2025</td></tr></table>	Medium of Publication	Date(s) of Publication	Sinhala (Dinamina)	27.06.2025	Tamil (Thinakaran)	27.06.2025	English (Daily FT)	27.06.2025
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Rule Reference	Principle	Extent of Compliance
16.1.ii	<p>Chairperson, CEO and Board related disclosures</p> <ul style="list-style-type: none"> <li>• Name, qualification and a brief profile.</li> <li>• Whether Executive, Non-Executive and/or Independent Director.</li> <li>• Details of the Director who is serving as the senior Director, if any.</li> <li>• The nature of expertise in relevant functional areas.</li> <li>• Relatives and/or any business transaction relationships with other directors of the Company</li> <li>• Names of other companies in which the Director/CEO concerned serves as a director and whether in an executive or non-executive capacity.</li> <li>• Number/percentage of board meetings of the FC attended during the year; and</li> <li>• Names of board committees in which the director serves as the Chairperson or a member.</li> </ul>	<p>Complied</p> <p>The profiles of the board of directors are on pages 32 to 36</p> <p>Attendance at Board Meetings and Sub-Committee meetings are given on page 43 respectively</p>
16.1.iii	<p>Appraisal of board performance</p> <ul style="list-style-type: none"> <li>• An overview of how the performance evaluations of the Board and its committees have been conducted.</li> </ul>	<p>Complied</p> <p>The performance evaluations of the Board and the Sub-Committees have been completed based on the pre-agreed objectives.</p> <p>Details on performance evaluation of Board and Sub-Committee are disclosed in Corporate Governance report on pages 119 to 130.</p>
16.1.iv	<p>Remuneration</p> <ul style="list-style-type: none"> <li>• A statement on remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management, level and mix of remuneration (financial and non-financial, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation)</li> </ul>	<p>A statement on remuneration policy has been disclosed in the Board Human Resource and Remuneration Committee Report appeared on pages 124 to 125 of the Annual report.</p>

# Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance									
	<p>The aggregate values of remuneration paid by the FC to its directors and senior management.</p> <table> <tr> <th></th><th>Annual Remuneration</th><th>Annual non-cash benefits (Fuel Reimbursement)</th></tr> <tr> <td>Directors</td><td>13,305,000</td><td>-</td></tr> <tr> <td>Senior Management</td><td>73,348,513</td><td>5,906,663</td></tr> </table>		Annual Remuneration	Annual non-cash benefits (Fuel Reimbursement)	Directors	13,305,000	-	Senior Management	73,348,513	5,906,663	
	Annual Remuneration	Annual non-cash benefits (Fuel Reimbursement)									
Directors	13,305,000	-									
Senior Management	73,348,513	5,906,663									
16.1. v	<p>Related party transactions</p> <ul style="list-style-type: none"> <li>• The nature of any relationship [including financial, business, family or other material/ relevant relationship(s)], if any, Refer between the Chairperson and the CEO and the relationships among members of the Board.</li> <li>• Total net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FC's core capital.</li> <li>• 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.</li> </ul>	<p>Complied.</p> <p>Refer the report of the Board of Director on the affairs of the company on pages 140 to 144 and the financial statements note 47 related party transactions.</p>									
16.1. vi	<p>Board appointed committees</p> <p>The details of the chairperson and members of the board committees and attendance at such meetings.</p>	<p>Complied</p> <p>Details of Chairperson, members and the attendance of the above-mentioned Sub- Committees are stated in respective Sub-Committee reports as follows.</p> <p>Board Audit Committee Report – pages 119 to 121 Board Integrated Risk Management Committee Report – pages 128 to 130 Board Nomination and Governance Committee Report – page 126 Board Human Resources and Remuneration Committee Report – pages 124 to 125 Board Related Party Transactions Review Committee Report – pages 122 to 123 Board Level Information Security Committee page 127.</p>									
16.1. vii	<p>Group Structure</p> <ul style="list-style-type: none"> <li>• The group structure of the FC within which it operates.</li> <li>• The group governance framework.</li> </ul>	<p>Refer Page 74, Governance Structure and the Group Governance Framework is disclosed in Corporate Governance report on page 42 of the annual report.</p>									



## Corporate Governance (Contd.)

Rule Reference	Principle	Extent of Compliance
16.1.x	<p>Corporate governance report</p> <ul style="list-style-type: none"> <li>• Shall disclose the manner and extent to which the Company has complied with Corporate Governance Direction and the external auditor's assurance statement of compliance with the Corporate Governance Direction.</li> </ul>	<p>Complied</p> <p>Refer Page 45</p> <p>The External Auditor has performed procedures set out in "Sri Lanka Related Services Practice statement 4752" issued by CA Sri Lanka to meet the compliance requirement of the Corporate Governance directive. External Auditors' findings presented in their report are consistent with the matters disclosed above and did not identify inconsistencies to those reported.</p>
16.1.xi	<p>Code of conduct</p> <ul style="list-style-type: none"> <li>• FCS code of business conduct and ethics for directors, senior management and employees</li> <li>• The Chairperson shall certify that the company has no violations of any of the provisions of this code</li> </ul>	<p>Complied</p> <p>The company has a Board approved Code of Conduct (HR Policy Manual). Refer Page 39, for Chairman's Statement on Corporate Governance.</p>
16.1.xii	<p>Management report</p> <ul style="list-style-type: none"> <li>• Industry structure and developments</li> <li>• Opportunities and threats</li> <li>• Risks and concerns</li> <li>• Sustainable finance activities carried out by the Company</li> <li>• Prospects for the future.</li> </ul>	<p>Complied</p> <p>Refer Page 11 to 19</p>
16.1.xiii	<p>Communication with shareholders</p> <ul style="list-style-type: none"> <li>• The policy and methodology for communication with shareholders.</li> <li>• The contact person for such communication.</li> </ul>	<p>Complied</p> <p>Company has a Borad approved communication policy and it covers all stakeholders. The Company Secretary communicates with the shareholders through the annual report, Quarterly Reports &amp; by notices issued to the shareholders.</p>

## Section Two – Listing Rules- Section 9 on Corporate Governance for Listed Companies Issued by The Colombo Stock Exchange.

The Listing Rules – Section 9 of the Colombo Stock Exchange (CSE) mandates listed companies to publish a table in the Annual Report, confirming that as at the date of the Annual Report they comply with the Corporate Governance rules. The rule addresses areas such as Non-Executive Directors, Independent Directors and Disclosures relating to Directors, Remuneration Committee and Audit Committee.

The Company's level of compliance with the Listing Rules (Section 9) is tabulated below.

Rule No	Requirement	Status
<b>9.2</b>	<b>Policies</b>	
9.2.1	<p>Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website;</p> <ul style="list-style-type: none"> <li>(a) Policy on matters relating to the Board of Directors</li> <li>(b) Policy on Board Committees</li> <li>(c) Policy on Corporate Governance, Nominations and Re-election</li> <li>(d) Policy on Remuneration</li> <li>(e) Policy on the Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities</li> <li>(f) Policy on Risk management and Internal controls</li> <li>(g) Policy on Relations with Shareholders and Investors</li> <li>(h) Policy on Environmental, Social and Governance Sustainability</li> <li>(i) Policy on Control and Management of Company Assets and Shareholder Investments</li> <li>(j) Policy on Corporate Disclosures</li> <li>(k) Policy on Whistleblowing</li> <li>(l) Policy on Anti-Bribery and Corruption</li> </ul>	Complied
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report.	No such waivers were granted.
9.2.3	<p>Listed Entities shall disclose in their Annual Report:</p> <ul style="list-style-type: none"> <li>(i) The list of policies that are in place in conformity Rule 9.2.1 above, with reference to its website.</li> <li>(ii) Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above</li> </ul>	Complied
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	Complied

## Corporate Governance (Contd.)

Rule No	Requirement	Status
<b>9.3</b>	<b>Board Committees</b>	
9.3.1	Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Complied Please refer the page no. 119 to 126 Nominations and Governance Committee, Remuneration Committee, Audit Committee, Related Party Transactions Review Committee reports
9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in these Rules.	Complied
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Complied
<b>9.4</b>	<b>Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders</b>	
9.4.1	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favor of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	Complied
9.4.2	Communication and relations with shareholders and investors (a) Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity. (b) Listed Entities shall disclose the contact person for such communication. (c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders, and such process shall be disclosed by the Entity in the Annual Report and the website of the Entity. (d) Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange.	Complied

Rule No	Requirement	Status
9.5	<b>Policy on matters relating to the Board of Directors</b>	
9.5.1	<p>Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall:</p> <ul style="list-style-type: none"> <li>(a) recognize the need for a balance of representation between Executive and Non- Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position (hereinafter commonly referred to as the CEO), Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO.</li> <li>(b) where a Listed Entity decides to combine the role of the Chairperson and CEO, <ul style="list-style-type: none"> <li>(i) set out the rational for combining such positions.</li> <li>(ii) require the Board Charter of the Listed Entity to contain terms of reference/functions of the Senior Independent Director (SID) and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest.</li> <li>(iii) set out the measures implemented to safeguard the interests of the SID.</li> </ul> </li> <li>(c) require diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors.</li> <li>(d) stipulate the maximum number of Directors with the rationale for the same</li> <li>(e) specify the frequency of Board meetings, having regard to the requirements under the Listing Rules.</li> <li>(f) provide mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance by the Listed Entity with obligations arising under such Rules.</li> <li>(g) specify the minimum number of meetings, in numbers and percentage, that a Director must attend, in order to ensure consistent attendance at Board Meetings and to avoid being deemed to vacate such position.</li> <li>(h) provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements.</li> <li>(i) specify the maximum number of directorships in Listed Entities that may be held by Directors.</li> <li>(j) Recognize the right to participate at meetings of the Board and Board Committees by audio visual means and for such participation to be taken into account when deciding on the quorum.</li> </ul>	Complied



## Corporate Governance (Contd.)

Rule No	Requirement	Status
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	Complied
<b>9.6</b>	<b>Chairperson and CEO</b>	
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director. Consequently, the position of Chairperson and CEO shall not be held by the same individual.	Complied
9.6.2	<p>A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance (if such date falls subsequent to the implementation of these Rules).</p> <p>Such Market Announcement shall include the following::</p> <ul style="list-style-type: none"> <li>(a) The reasons for non-compliance</li> <li>(b) The rationale for combining the positions of the Chairperson and CEO</li> </ul>	Not Applicable
9.6.3	<p>The Requirement for a SID:</p> <ul style="list-style-type: none"> <li>(a) A Listed Entity shall appoint an Independent Director as the SID in the following instances: <ul style="list-style-type: none"> <li>(i) The Chairperson and CEO are the same person</li> <li>(ii) The Chairperson and CEO are Close Family Members or Related Parties</li> </ul> </li> </ul> <p>Such appointment shall be immediately disclosed with reasons for the appointment, by way of a Market Announcement.</p> <ul style="list-style-type: none"> <li>(b) The Independent Directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors to discuss matters and concerns relating to the Entity and the operation of the Board. The SID shall provide feedback and recommendations from such meetings to the Chairperson and the other Board Members.</li> <li>(c) The SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually, to appraise the Chairperson's performance and on such other occasions as are deemed appropriate.</li> <li>(d) The SID shall be entitled to a casting vote at the meetings specified in Rules 9.6.3.(b) and (c) above.</li> <li>(e) The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID.</li> </ul>	Not Applicable

Rule No	Requirement	Status
9.6.4	Until Listed Entities comply with Rule 9.6.1 above, such Entities shall be required to explain the reasons for non-compliance with Rule 9.6.1 in the Annual Report.	Not Applicable
<b>9.7</b>	<b>Fitness of Directors and CEOs</b>	
9.7.1	<p>The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules:</p> <p>In evaluating fitness and propriety of the persons referred in these Rules, Listed Entities shall utilize the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 below.</p>	Complied
9.7.2	Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.	Complied
9.7.3	<p>Fit and Proper Assessment Criteria:</p> <p>a) Honesty, Integrity and Reputation</p> <p>A Director or the CEO of a Listed Entity shall not be considered 'fit and proper' if she or he;</p> <ul style="list-style-type: none"> <li>(i) has been convicted by a competent court of law in respect of a market offence for which he/she has been charged under the SEC Act or Securities Laws outside of Sri Lanka</li> <li>(ii) in his/her individual capacity or as a part of any business that he/she has been involved in, who/which has had a license or registration that has been cancelled by the SEC or any other regulatory authority.</li> <li>(iii) has been convicted, within or outside Sri Lanka of an offence under any law involving fraud, misappropriation or dishonesty or the conviction of which involved a finding that he/she acted fraudulently or dishonestly.</li> <li>(iv) has been convicted for contravening any provision of any law within or outside Sri Lanka for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of financial services or the management of companies.</li> <li>(v) has been disqualified from acting as a Director or CEO of a company or has been dismissed or requested to resign from any position or office by the SEC in terms of the SEC Act or rules and regulations issued thereunder or any other statutory regulatory body due to mismanagement of funds or an offence which involves the commission of financial fraud.</li> </ul>	Complied

## Corporate Governance (Contd.)

Rule No	Requirement	Status
	<p>(vi) has been disqualified from acting as a CEO/Key Management Person/Director of a company regulated by the CBSL and/or the Insurance Regulatory Commission of Sri Lanka (IRCSL) as applicable for failure to satisfy the fit and proper assessment criteria issued by the CBSL and/or IRCSL respectively.</p> <p>(vii) has been a Director or the CEO of any Listed Entity which has been delisted by the Exchange in the circumstances specified in Rule 11.3 of these Rules.</p> <p>b) Competence and Capability</p> <p>A Director or the CEO of an Entity shall not be considered as 'fit and proper' if she or he;</p> <p>(i) does not possess suitable academic or professional qualifications or necessary skills, competencies and experience which are determined by the Nominations and Governance Committee of the Listed Entity in terms of Rule 9.11.5 of these Rules which are required to efficiently contribute to the business operations of the Entity in his/her capacity as a Director/ CEO (as applicable).</p> <p>(ii) has been declared by a court of competent jurisdiction in Sri Lanka or outside Sri Lanka, to be of unsound mind.</p> <p>c) Financial Soundness</p> <p>A Director or the CEO of an Entity shall not be considered as a 'fit and proper person' by the Exchange, if she or he;</p> <p>(i) is an undischarged bankrupt or a person on whose behalf a receiver or manager or liquidator or an equivalent person has been appointed within or outside Sri Lanka.</p> <p>(ii) has been the subject of a judgment debt which is unsatisfied, either in whole or in part, whether in Sri Lanka or outside Sri Lanka.</p> <p>(iii) has been in a position capable of exercising significant influence in a company that has:</p> <p>a. been declared bankrupt within or outside of Sri Lanka; or</p> <p>b. its assets sequestrated for the non-satisfaction of a judgment debt.</p>	
9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied

Rule No	Requirement	Status
9.7.5	Disclosures in the Annual Report of Listed Entities Listed Entities shall include the following disclosures/reports in the Annual Report; a) A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. b) Any non-compliance/s by a director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such non-compliance/s.	Complied  Not Applicable
<b>9.8</b>	<b>Board Composition</b>	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complied
9.8.2	Minimum Number of Independent Directors: a) The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher. b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Complied
9.8.3	Criteria for determining independence: A Director shall not be considered independent if he/she: (i) has been employed by the Listed Entity during the period of three (3) years immediately preceding appointment as Director. (ii) currently has/had during the period of three (3) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly. (iii) currently has/had during the preceding financial year a Close Family Member who is a director and/or CEO in the Listed Entity. (iv) has a Significant Shareholding in the Listed Entity. (v) has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment. (vi) is employed in another company or business. a) in which a majority of the other directors of the Listed Entity are employed or are directors; or b) in which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or c) that has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection.	Complied

## Corporate Governance (Contd.)

Rule No	Requirement	Status
	<p>(vii) is a director of another company;</p> <p>a) in which a majority of the other directors of the Listed Entity are employed or are directors; or</p> <p>b) that has a Business Connection in the Listed Entity or a Significant Shareholding.</p> <p>(viii) has a Material Business Relationship or a Significant Shareholding in another company or business;</p> <p>a) in which a majority of the other directors of the Listed Entity are employed or are directors; and/or</p> <p>b) which has a Business Connection with the Listed Entity or Significant Shareholding in the same; and/or</p> <p>c) where the core line of business of such company is in direct conflict with the line of business of the Listed Entity.</p> <p>(ix) is above the age of seventy (70) years.</p>	
9.8.5	<p>The Board of Directors of Listed Entities shall require:</p> <p>(a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein.</p> <p>(b) Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report.</p> <p>(c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof.</p>	<p>Complied</p> <p>Complied</p> <p>Not Applicable</p>
<b>9.9</b>	<b>Alternate Directors</b>	
9.9.1	<p>If a Listed Entity provides for the appointment of Alternate Directors, it shall be required to comply with the following requirements and such requirements shall also be incorporated into the Articles of Association of the Entity:</p> <p>(a) Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.</p> <p>(b) If an Alternate Director is appointed to be a Non-Executive Director, such alternate should not be an executive of the Listed Entity.</p>	Not Applicable

Rule No	Requirement	Status
	<p>(c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence specified in these Rules and the Listed Entity shall satisfy the requirements relating to the minimum number of Independent directors specified in the rule.</p> <p>The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such an appointment is made.</p> <p>(d) The Listed Entity shall make an immediate Market Announcement regarding the appointment of an Alternate Director. Such a Market Announcement shall include the following:</p> <p>(i) The exceptional circumstances leading to such appointment;</p> <p>(ii) The information on the capacity in which such an Alternate Director is appointed, i.e., whether as an Executive, Non-Executive or Independent Director;</p> <p>(iii) The time period for which he/she is appointed, which shall not exceed one (1) year from the date of appointment; and</p> <p>(iv) A Statement by the Entity indicating whether such an appointment has been reviewed by the Nominations and Governance Committee of the Entity.</p> <p>e) The attendance of any Alternate Director at any meeting, including a Board Committee Meeting shall be counted for the purpose of quorum.</p>	
<b>9.10</b>	<b>Disclosures relating to Directors</b>	
9.10.1	Listed Entities shall disclose their policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such a number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	Complied Refer Board of Directors page no. 37
9.10.2	<p>Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following;</p> <p>i. a brief resume of such Director;</p> <p>ii. his/her capacity of directorship; and,</p> <p>iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.</p>	Complied
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	Complied

## Corporate Governance (Contd.)

Rule No	Requirement	Status
9.10.4	<p>Listed Entities shall also disclose the following in relation to the Directors in the Annual Report:</p> <ul style="list-style-type: none"> <li>(a) name, qualifications and brief profile;</li> <li>(b) the nature of his/her expertise in relevant functional areas;</li> <li>(c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity;</li> <li>(d) whether Executive, Non-Executive and/or independent Director;</li> <li>(e) the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the Listed Entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies.</li> <li>(f) number of Board meetings of the Listed Entity attended during the year;</li> <li>(g) names of Board Committees in which the Director serves as Chairperson or a member;</li> <li>(h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member.; and,</li> <li>(i) The terms of reference and powers of the SID (where applicable)</li> </ul>	<p>Complied</p> <p>Please refer the page no 32 to 36 &amp; page no 119 to 130</p>
<b>9.11</b>	<b>Nominations and Governance Committee</b>	
9.11.1	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.	Complied
9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Complied
9.11.3	The Nominations and Governance Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied
9.11.4	<p>Composition</p> <ul style="list-style-type: none"> <li>(1) The members of the Nominations and Governance Committee shall; <ul style="list-style-type: none"> <li>a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.</li> <li>b) not comprise of the Executive Directors of the Listed Entity.</li> </ul> </li> </ul>	<p>Complied</p> <p>Please refer to page no. 126 in Nomination and Governance Committee report</p>

Rule No	Requirement	Status
	<p>(2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors.</p> <p>(3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.</p>	
9.11.5	<p>Functions The functions of the Nominations and Governance Committee shall include the following:</p> <p>(i) Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Listed Entity. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.</p> <p>(ii) Consider and recommend (or not recommend) the re-appointment/re-election of current Directors taking into account; the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Listed Entity and the discharge of the Board's overall responsibilities; and the number of directorships held by the Director in other listed and unlisted companies and other principal.</p> <p>(iii) Establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Listed Entity.</p> <p>(iv) Establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Entity and industry specific requirements.</p> <p>(v) Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged.</p> <p>(vi) Develop a succession plan for Board of Directors and Key Management Personnel of the Listed Entity.</p> <p>(vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.</p> <p>(viii) Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and best industry/international practices.</p> <p>(ix) Periodically review and update the corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice.</p>	Complied



## Corporate Governance (Contd.)

Rule No	Requirement	Status
	(x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.	
9.11.6	<p>Disclosures in Annual Report</p> <p>The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson. The said report shall include the following;</p> <ol style="list-style-type: none"> <li>the names of the Chairperson and members of the Committee and the nature of directorships held by such members);</li> <li>the date of appointment to the Committee;</li> <li>whether a documented policy and processes are in place when nominating Directors;</li> <li>whether all directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years;</li> <li>a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance;</li> <li>Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors.</li> <li>The following information regarding directors who are re-elected or being proposed for re-election during the year: <ul style="list-style-type: none"> <li>Board Committees served on (as a member or Chairperson),</li> <li>Date of first appointment as a Director,</li> <li>Date of last re-appointment as a Director,</li> <li>Directorships or Chairpersonships and other principal commitments both present and those held over preceding three years in other Listed Entities; and,</li> <li>Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity.</li> </ul> </li> <li>Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Entity as specified in Rule 9.11.5 above</li> <li>Processes adopted by the Listed Entity to inform the Independent Directors of major issues relating to the Entity;</li> <li>Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement;</li> </ol>	Complied

Rule No	Requirement	Status
	<p>(k) Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement.</p> <p>(l) A statement that the Directors of the Listed Entity meet the criteria for determining independence.</p> <p>(m) A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Listed Entity's fail to comply with any provisions of such Rules, a statement explaining the reason for such non-compliance and the proposed remedial action taken for the rectification of such non-compliance.</p>	
<b>9.12</b>	<b>Remuneration Committee</b>	
9.12.1	For the purposes of Rule 9.12, the term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received.	Complied
9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	Complied
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/ her own remuneration.	Complied
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	Complied
9.12.5	The Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied
9.12.6	<p>Composition</p> <p>(1) The members of the Remuneration Committee shall;</p> <p>(a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.</p> <p>(b) not comprise of Executive Directors of the Listed Entity.</p> <p>(2) In a situation where both the parent company and the subsidiary are 'Listed Entities', the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary.</p> <p>(3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.</p>	<p>Complied</p> <p>Please refer to page no. 124 to 125 the remuneration committee report.</p> <p>Not applicable</p> <p>The company has a separate Remuneration Committee.</p> <p>The Committee is chaired by an Independent Director.</p>

## Corporate Governance (Contd.)

Rule No	Requirement	Status
9.12.7	<p>Functions</p> <p>(1) The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations.</p> <p>(2) The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.</p>	Complied
9.12.8	<p>Disclosure in Annual Report</p> <p>The Annual Report should set out the following:</p> <p>(a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or people in the parent company's Remuneration Committee in the case of a group company);</p> <p>(b) A statement regarding the remuneration policy; and,</p> <p>(c) The aggregate remuneration of the Executive and Non-Executive Directors.</p>	Complied
<b>9.13</b>	<b>Audit Committee</b>	
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	<p>Not Applicable</p> <p>The company has two separate committees in operation to perform the audit and risk function.</p>
9.13.2	The Audit Committee shall have written terms of reference clearly defining its scope, authority and duties.	Complied
9.13.3	<p>Composition</p> <p>(1) The members of the Audit Committee shall;</p> <p>(a) comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.</p> <p>(b) not comprise of the Executive Directors of the Listed Entity.</p> <p>(2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.</p> <p>(3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released on the market.</p> <p>(4) If both, the Parent Company and the subsidiary are 'Listed Entities' the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary.</p>	<p>Complied</p> <p>Please refer the page no. 119 to 121 on Board Audit Committee Report.</p> <p>Complied</p> <p>Complied</p> <p>Not Applicable</p> <p>Company has its own Audit Committee.</p>

Rule No	Requirement	Status
	(5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Complied
	(6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.	Complied
	(7) The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body. Provided however, this Rule shall not be applicable in respect of the Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	Complied
9.13.4	Functions	
	(1) The functions of the Audit Committee shall include the following:	Complied
	(i) Oversee the Entity's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.	
	(ii) Review the quarterly results and year-end financial statements of the Entity prior to tabling for the approval of the Board of Directors of the Entity with special reference to:	
	a) Changes in or implementation of major accounting policy changes;	
	b) Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;	
	c) Compliance with accounting standards and other legal requirements;	
	d) Any related party transaction and conflict of interest situation that may arise within the Listed Entity or group including any transaction, procedure or course of conduct that raises questions of management integrity;	
	e) Any letter of resignation from the external auditors of the Listed Entity; and,	
	f) Whether there is reason (supported by grounds) to believe that the Listed Entity's external auditor is not suitable for re-appointment	
	(iii) To make recommendations to the Board pertaining to appointment, re- appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	
	(iv) Obtain and review assurance received from:	

## Corporate Governance (Contd.)

Rule No	Requirement	Status
	<ul style="list-style-type: none"> <li>(a) The CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Entity's operations and finances; and</li> <li>(b) The CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Entity's risk management and internal control systems.</li> <li>(v) Review the internal controls in place to prevent the leakage of material information to unauthorized persons.</li> <li>(vi) Oversee the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.</li> <li>(vii) Review and assess the company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks and updated business continuity plans.</li> <li>(viii) Review the risk policies adopted by the Entity on an annual basis.</li> <li>(ix) Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements.</li> <li>(x) Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors.</li> <li>(xi) To develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken.</li> <li>(xii) If a change of auditor is recommended by the Audit Committee in circumstances where the audit opinion of the immediately disclosed financial period or any period where subsequent disclosure of audit opinion is pending and such opinion carries a modification or an emphasis of matter of going concern, then the Audit Committee report shall include the rationale of the Audit Committee for recommending the removal of the auditor.</li> <li>(xiii) Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of a Listed Entity has not been satisfactorily resolved resulting in a breach of these Requirements, the Audit Committee shall promptly report such matter to the Exchange.</li> </ul>	

Rule No	Requirement	Status
	(2) Where Listed Entities maintain two (02) separate Committees to carry out the Audit and Risk functions, the terms of reference of such Committees shall, at a minimum, include the respective functions stipulated in Rule 9.13.4 (1) above.	
9.13.5	<p>Disclosures in Annual Report</p> <p>(1) The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Entity. The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates.</p> <p>(2) The Audit Committee Report shall contain the following disclosures:</p> <ol style="list-style-type: none"> <li>The names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or person in the parent company's committee in the case of a group company);</li> <li>The status of risk management and internal control of the Listed Entity and as a Group (where applicable).</li> <li>A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances.</li> <li>An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.</li> <li>Whether the Listed Entity has a formal Audit Charter;</li> <li>the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function;</li> <li>Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity;</li> <li>A statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and</li> <li>A statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It should also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties.</li> </ol>	Complied

## Corporate Governance (Contd.)

Rule No	Requirement	Status
<b>9.14</b>	<b>Related Party Transactions Review Committee</b>	
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules.	Complied
9.14.2	<p>Composition</p> <p>(1) The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.</p> <p>(2) If a parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary.</p>	<p>Complied</p> <p>Please refer to page no. 122 to 123 on Related Party Transactions Review Committee.</p> <p>Not Applicable Company has its own Related Party Transaction Review Committee.</p>
9.14.3	<p>Functions</p> <p>(1) Listed Entities shall have a Related Party Transactions Review Committee which shall be responsible for reviewing the Related Party Transactions as set out herein.</p> <p>(2) The objective of these Rules on Related Party Transactions is to ensure that the interests of shareholders as a whole are taken into account by a Listed Entity when entering into Related Party Transactions. These Rules further provide specific measures to prevent Directors, CEOs or Substantial Shareholders taking advantage of their positions.</p> <p>(3) When applying these Rules on Related Party Transactions, the objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality.</p> <p>(4) The Related Party Transactions Review Committee shall establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Entity's operations.</p>	Complied
9.14.4	<p>General Requirements</p> <p>(1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.</p> <p>(2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.</p>	Complied

Rule No	Requirement	Status
	<p>(3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.</p> <p>(4) If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not:</p> <p>a) be present while the matter is being considered at the meeting; and,</p> <p>b) vote on the matter.</p>	
9.14.5	<p>Review of Related Party Transactions by the Related Party Transactions Review Committee</p> <p>(1) Subject to the exemptions given in terms of Rule 9.14.10, the Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions.</p> <p>(2) In the event of any material changes to a previously reviewed Related Party Transaction in terms of Rule 9.14.5 (1) above, such proposed material changes shall also be reviewed by the Related Party Transactions Review Committee prior to the completion of the transaction.</p> <p>(3) The Related Party Transactions Review Committee shall be provided with all the facts and circumstances of the proposed Related Party Transaction by the senior management to facilitate the review of a Related Party Transaction. Such information shall include where applicable:</p> <p>(i) the Related Party's relationship to the Listed Entity and interest in the transaction;</p> <p>(ii) the material facts of the proposed Related Party Transaction, including the proposed aggregate value of such transaction;</p> <p>(iii) the benefits of the proposed Related Party Transaction to the Listed Entity;</p> <p>(iv) the availability of other sources of comparable products or services; and</p> <p>(v) an assessment of whether the proposed Related Party Transaction is on terms that are comparable to the terms generally available to an unaffiliated third party under the same or similar circumstances, or to employees generally.</p> <p>(4) In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the Related Party Transactions Review Committee shall take into account the following, among other factors it deems appropriate:</p> <p>(i) the facts and circumstances made available to it as set out above,</p>	Complied



## Corporate Governance (Contd.)

Rule No	Requirement	Status
	<p>(ii) the views of the Chairperson of the Board of Directors and the Chairperson of the Nominations and Governance and/ or Audit Committee of the impact of the proposed Related Party Transaction on a director's independence (if the related party is a director, a close family member of a director or an entity in which a director is a partner, shareholder or executive officer); and</p> <p>(iii) whether the Related Party Transaction requires immediate market disclosure, as set out in these Rules.</p> <p>(5) No Director shall participate in any discussion of a proposed Related Party Transaction in which he or she is a Related Party, except that the Director, at the request of the Committee, may participate in discussions for the express purpose of providing information concerning the Related Party Transaction to the Committee. Where deemed necessary considering the issues of potential conflict, which were presented to the Committee, the Committee may recommend the creation of a special committee to review and approve the proposed Related Party Transaction.</p> <p>(6) If a Related Party Transaction is ongoing (a Recurrent Related Party Transaction), the Related Party Transactions Review Committee may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.</p>	
9.14.6	<p>Shareholder Approval</p> <p>(1) Entities shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transactions:</p> <p>(A) If a non-recurrent transaction;</p> <p>(i) Any Related Party Transaction of a value equal to, or more than:</p> <p>a) one third (1/3) of the Total Assets of the Entity as per the latest Audited Financial Statements of the Entity; or</p> <p>b) one third (1/3) of the Total Assets of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other non-recurrent transactions entered into with the same Related Party during the same financial year.</p> <p>(ii) If the Listed Entity acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Entity or its associates.</p> <p>(iii) If the Listed Entity acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Entity or its associates.</p>	Not Applicable

Rule No	Requirement	Status
	<p>(B) If a recurrent transaction; Any recurrent Related Party Transaction of a value equal to, or more than:</p> <ul style="list-style-type: none"> <li>a) one third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity; or</li> <li>b) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same financial year; And;</li> <li>c) the transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favorable to the Related Party than those generally available to the public.</li> </ul> <p>(2) In relation to Rules 9.14.6 (1) (A) (i) (b) and 9.14.6 (1)(B) (ii) above, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.</p> <p>(3) If a transaction requires shareholder approval as set out in the Rules above, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.</p>	
9.14.7	<p>Disclosures</p> <p>(1) Immediate Disclosures</p> <p>A Listed Entity shall make an immediate Market Announcement to the Exchange;</p> <ul style="list-style-type: none"> <li>(a) of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements; or</li> <li>(b) of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements.</li> </ul> <p>Listed Entities shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity entered into with the same Related Party during the financial year.</p> <p>The Market Announcement to the Exchange shall include:</p>	Currently Not Applicable

## Corporate Governance (Contd.)

Rule No	Requirement	Status
	<ul style="list-style-type: none"> <li>(i) the date of the transaction or the period where applicable</li> <li>(ii) the name of the relevant Related Party</li> <li>(iii) the relationship between the Listed Entity and the Related Party</li> <li>(iv) details of the transaction including the amount, relevant terms of the transaction and the basis on which the terms were arrived at</li> <li>(v) the rationale for entering into the transaction</li> <li>(vi) the following statement:  <p>“The Related Party Transactions Review Committee of the Entity is of the view that the transaction/s is/are on normal commercial terms and is/are not prejudicial to the interests of the Entity and its minority shareholders and the Related Party Transaction Review Committee is/is not (delete as applicable) obtaining an opinion from an independent expert prior to forming its view on the transaction.”</p> </li> <li>(vii) the aggregate value of the Related Party Transactions for the financial year with the particular Related Party whose transaction is the subject of the announcement and the aggregate value of all non-recurrent Related Party Transactions for the same financial year.</li> </ul>	
9.14.8	<p>Disclosures in the Annual Report</p> <p>(1) In the case of Non-recurrent Related Party Transactions: if the aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets of the Listed Entity, whichever is lower, as per the latest Audited Financial Statements the following information must be presented in the Annual report.</p> <ul style="list-style-type: none"> <li>• Name of the Related party</li> <li>• Relationship</li> <li>• Value of the Related Party Transaction(s) entered into during the financial year</li> <li>• Value of Related Party Transaction(s) as a % of equity and as a % of total assets.</li> <li>• Terms and conditions of the Related Party Transaction(s)</li> <li>• The rational for entering into the transaction(s)</li> </ul> <p>(2) In the case of Recurrent Related Party Transactions: if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report. The name of the Related Party and the corresponding aggregate value of the Related Party Transactions entered into with the same Related Party must be presented in the tabular format.</p>	<p>Not Applicable</p> <p>Complied</p>

Rule No	Requirement	Status
	<p>(3) The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following:</p> <ul style="list-style-type: none"> <li>• The names of the Directors comprising the Committee.</li> <li>• A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/observations to the Board of Directors.</li> <li>• The policies and procedures adopted by the Committee for reviewing the Related Party Transactions.</li> </ul> <p>(4) An affirmative declaration by the Board of Directors in the Annual Report that these Rules pertaining to Related Party Transactions have been complied with or if the Entity has not entered into any Related Party Transaction/s a negative statement to that effect.</p>	

9.14.9	Acquisition and Disposal of Assets from/to Related Parties	
	<p>(1) Except for transactions set out in Rule 9.14.10, Listed Entities shall ensure that neither the Listed Entity nor any of its subsidiaries acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Entity without obtaining the approval of the shareholders of the Entity by way of a Special Resolution. An asset is substantial if its value or the value of the consideration relating to such asset exceeds 1/3 of the Total Assets of the Entity as per the latest Audited Financial Statements.</p> <p>(2) If a transaction requires shareholder approval as set out in Rule 9.14.9(1) above, such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.</p> <p>(3) Rule 9.14.9(1) does not apply to:</p> <ul style="list-style-type: none"> <li>• a transaction between the Listed Entity and a wholly owned subsidiary.</li> <li>• a transaction between wholly owned subsidiaries of the Listed Entity.</li> <li>• a takeover offer made by the Listed Entity in accordance with the Takeovers and Mergers Code 1995 (as amended).</li> <li>• any transaction entered into by the Listed Entity with a Bank as principal, on arm's length terms and in the ordinary course of its banking business.</li> </ul>	Not Applicable

# Corporate Governance (Contd.)

Rule No	Requirement	Status
	<p>(4) The members of the Related Party Transactions Review Committee should obtain ‘competent independent advice’ from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under consideration. A person who is in the same group of the Listed Entity or who has a Significant Interest in or Financial Connection with the Listed Entity or the relevant Related Party shall not be eligible to give such advice.</p> <p>(5) The Competent independent advice obtained in terms of Rule 9.14.9 (4) above should be circulated with the notice of meeting to obtain the shareholder approval as set out in Rule 9.14.9 (1) above.</p> <p>(6) The competent independent advice required in terms of Rule 9.14.9 (4) shall include:</p> <ul style="list-style-type: none"> <li>(a) the key assumptions, conditions or restrictions that impact the estimate value;</li> <li>(b) the different valuation methodologies considered and employed in valuing the subject asset/s and justification for adopting one or more of them in the valuation;</li> <li>(c) the sources of information relied upon for the valuation;</li> <li>(d) the identity of individuals participating in the valuation assignment and their qualifications;</li> <li>(e) statement confirming the independence of the parties participating in the advice;</li> <li>(f) a statement as to whether the transaction is on usual commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Listed Entity and its shareholders as a whole.</li> </ul>	

Rule No	Requirement	Status
<b>9.16</b>	<b>Additional Disclosures</b>	
9.16	<p>The following declarations by the Board of Directors to be included in the Annual Report:</p> <ul style="list-style-type: none"> <li>(i) They have declared all material interest in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested;</li> <li>(ii) They have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations, an explanation on why it is unable to do so.</li> <li>(iii) They made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes Particularly to Listing Rules and applicable capital market provisions;</li> <li>(iv) disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.</li> </ul>	Complied
9.17	<p>Minimum Public Holding Requirement</p> <p>Disclosure in terms of rule 7.6. iv (a) of the Listing Rules of the Colombo Stock Exchange ("CSE")</p>	<p>Not Complied</p> <p>The Company is not compliance with the Minimum Public Holding Requirement stipulated by the CSE Rule 7.6.iv(a) as at end of March 2025: Float Adjusted Market Capitalization was Rs.: 247,359,505 /- The public Holding percentage was 7.58%. The number of Public Shareholders were : 764. The Company is exploring possibilities of complying with the Listing Rules of the Colombo Stock Exchange.</p>

## Corporate Governance (Contd.)

Section Three – Code of Best Practice on Corporate Governance 2017, issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

The Corporate Governance Code issued in 2013 was revised and updated in 2017, which comprises of eight fundamental principles such as Directors, Directors Remuneration, Relation with Shareholders, Accountability and Audit, Institutional Investors, Other Investors, Internet of things and cybersecurity, Environment and society and Governance (ESG).

The Company's adherence with the Code of Best Practice on Corporate Governance is tabulated below.

Section	Rule	Degree of Compliance
<b>I. The Company</b>		
<b>A. Directors</b>		
A.1	<b>The Board</b>  The Company should be headed by an effective Board of Directors, which should direct, lead and control the Company. The Board comprises of professionals with the required professional competence, skills and experience to lead and control the Company. The Board gives leadership in setting the strategic direction and creates a sound environment for the successful functioning of the Company.	
A.1.1	<b>Board meetings</b>  The Board should meet at least once in every quarter	The Board usually meets monthly and special meetings are convened wherever necessary. During the year, the Board met 12 times. Please refer to page 43 for the Board meetings and attendance.
A.1.2	<b>Board's responsibilities</b> <ul style="list-style-type: none"> <li>- Formulation and implementation of a sound business strategy</li> <li>- CEO, Executive Directors and Senior Management team possess the skills, experience and knowledge</li> <li>- CEO and Key Management Personnel (KMP) succession planning</li> <li>- Implementing security and integrity of information, internal controls, business continuity and risk management</li> </ul>	<p>The Board engages in providing direction in formulating strategic direction for the development of strategy which is aimed at the long-term success of the Company.</p> <p>The Company's strategic business plan covering the period, 2022/23 to 2024/25 was approved by the Board in December 2022.</p> <p>The CEO and other Key Management Personnel possess extensive skills, knowledge, competencies and experience.</p> <p>The Company has a Board approved one to one succession plan in place for the Key Management Personnel.</p> <p>The Board ensures that an effective system is in place to secure the integrity of information, internal controls and risk management. The Audit Committee and the IRMC on behalf of the Board monitor the integrity of financial information, the robustness of financial control and system of risk management of the Company.</p>

Section	Rule	Degree of Compliance
	<ul style="list-style-type: none"> <li>- Ensuring compliance with laws, regulations and ethical standards</li> <li>- Ensuring all stakeholder interests are considered in corporate decisions</li> <li>- Recognizing sustainable business development</li> <li>- Ensuring that the Company's values and standards are set with emphasis on adopting appropriate Accounting Policies</li> <li>- Given the scale, nature and the complexity of the organization ,fulfilling other Board functions is vital.</li> </ul>	<p>The Board has established a separate Compliance function to ensure that the Company has complied with the relevant laws, regulations, ethical standards and other regulatory frameworks.</p> <p>The Board considers the stakeholder interests in the decision-making process.</p> <p>The Board recognizes the importance of sustainable development in corporate strategy and business development.</p> <p>The Company's accounting policies are reviewed annually by the Audit Committee so as to be updated with new developments, changing business requirements and best practices.</p> <p>The Board has attempted to fulfill the obligations towards all stakeholders during the year.</p>
A.1.3	Compliance with laws and access to independent professional advice	<p>The Board collectively and individually recognizes its duty to comply with the laws prevailing in the country. The Board ensures that policies and procedures are in place to comply with applicable laws and regulations.</p> <p>The Board has approved a procedure to seek Independent Professional advice by Directors at the expense of the Company. No such advice has been taken during the year under review.</p>
A.1.4	All Directors should have access to the services and advice of the Company Secretary	A Board approved policy is in place to enable all Directors to have access to the Company Secretaries. Directors are authorized to access the Company Secretaries to obtain advice and services as and when required on any matter relating to the Board procedures and all applicable rules and regulations.
A.1.5	Independent judgment of Directors	All Directors exercise independent judgment in the decisions made by the Board on issues of strategy, performance, resources and conduct of business.
A.1.6	Every Director should dedicate adequate time and effort to the matters of the Board and the Company	All Directors of the Company have dedicated adequate time and attention to the affairs of the Company. The Company circulates Board papers and relevant information with adequate notice in order for them to review before the Board / Board Sub Committee meetings. The number of Board / Board Sub Committee meetings held, and attendance is presented on page 43.



## Corporate Governance (Contd.)

Section	Rule	Degree of Compliance
A.1.7	One third of directors can tell for a resolution to be presented to the Board where they feel it is in best interest to the company to do so.	No such situation has been raised.
A.1.8	Every Director should receive appropriate training	Every Director is provided with an appropriate induction with regard to the affairs, rules and regulations of the Company and subsequent training on the latest trends and issues facing the Company and the industry in general.
<b>A.2 Chairman and Chief Executive Officer –</b>		
	There should be a clear division of responsibilities at the head of the Company, which will ensure the balance of power and authority, so that no one individual has unfettered powers of decision.	
A.2.1.	If CEO and Chairman is one-person justification in the Annual Report	Since CEO's and Chairman's roles are segregated, a specific disclosure is not made.
<b>A.3 Chairman's Role –</b>		
	The Chairman's role in preserving good corporate governance is crucial. As the person responsible for running of the Board, the Chairman should preserve order and facilitate the effective discharge of the Board functions.	
A.3.1	Chairman's role	The Chairman conducts Board procedures in a proper manner and ensures that Board members discharge their responsibility effectively to make a contribution to Board's affairs. Agenda for meetings and matters to be taken up at Board Meetings are duly scheduled.
<b>A.4 Financial Acumen –</b>		
	The Board should ensure the availability of those with sufficient financial acumen and knowledge to offer guidance on matters of finance within the Board.	
A.4	Financial Acumen	The Board is comprised with sufficient number of directors with financial acumen who provide guidance to the Board on matters relating to finance. Please refer to pages 32 to 36 of the Annual Report for the profile of the Directors.
<b>A.5 Board Balance –</b>		
	It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no individual or small group can dominate the Board's decision taking.	
A.5.1	The Board should include at least two Non-Executive Directors or one-third of total Directors, whichever is higher	The extent of compliance with this requirement is disclosed in page No. 40 under "Board Composition and balance"
A.5.2	Two or one-third of Non- Executive Directors whichever is higher should be independent	The extent of compliance with this requirement is disclosed in page No. 40 under "Board Composition and balance"

Section	Rule	Degree of Compliance
A.5.3	Evaluation of independence of Non- Executive Directors	In terms of Assessment of fitness and propriety of key responsible person direction no 6 of 2021, annual assessment of directors has been conducted for the financial year 2024/2025.
A.5.4	Signed declaration of Independence by the Non-Executive Directors	The extent of compliance with this requirement is disclosed in page No. 41 under "Determination of Independence of Non Executive Directors"
A.5.5	Determination of the independence and non-independence of each Non- Executive Directors annually	
A.5.6	Alternate Directors to meet the criteria for independence / non-executive status of the appointer.	No alternate director was appointed to represent any Independence / Non-Executive status of the appointer.
A.5.7	Senior Independent Director (SID)	Since, Mr. K.J.C Perera, the chairman is an Independent Non-Executive Director SID is not applicable.
A.5.8	Confidential discussion with other Directors by the Senior Independent Director	The Terms of Reference adopted by the Board for the Senior Independent Director require him to make himself available for any confidential discussion with Non-Executive Directors.
A.5.9	Meetings held by the Chairman with Non-Executive Directors	Chairman meets the Non-Executive Directors without the presence of CEO on a need basis.
A.5.10	Recording of concerns of Directors in Board minutes where they cannot be unanimously resolved	Concerns raised by Directors at Board Meetings and the final decisions are recorded in the Minutes of the meetings.
<b>A.6 Supply of Information –</b>		
	The Board should be provided with timely information in a form and of quality appropriate to enable it to discharge its duties.	
A.6.1	Management should provide timely information to the Board	The Management ensured that the Board has been provided with timely and accurate information that is circulated within the prescribed period. Key Management Personnel make themselves available to respond to any queries raised at the meetings and for the provision of additional information.
A.6.2	Adequate time for effective Board meetings.	In order to facilitate an effective Board Meeting the minutes, agenda and Board papers are circulated to the Directors prior to 7 days of the Board meeting.

## Corporate Governance (Contd.)

Section	Rule	Degree of Compliance
<b>A.7 Appointments to the Board –</b>		
	There should be a formal and transparent procedure for the appointment of new Directors to the Board.	
A.7.1	Nomination Committee	The Nomination and Governance Committee makes recommendations to the Board on all new appointments to the Board. Refer page 126 for the details of the Nomination and Governance Committee.
A.7.2	Assessment of Board composition by the Nomination Committee	The Nomination and Governance Committee reviews the new appointments and re-elections to the Board with strategic direction of the Company to attract and retain Board members with relevant experience and qualifications.
A.7.3	Disclosure requirements when appointing new Directors to the Board	Details of new Directors are disclosed to shareholders when appointed, with immediate notification to the Colombo Stock Exchange along with a brief resume of such Director.  Further, prior approvals for such appointments are obtained from the Central Bank of Sri Lanka in terms of regulations applicable to Finance Companies.
<b>A.8 Re-election –</b>		
	All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.	
A.8.1 – A.8.2	Re-election of Directors	The extent of compliance with this requirement is disclosed in page No. 41 under "Appointment, Resignation and Re-election"
<b>A.8.3 Resignation</b>		
	Provide a written communication to the board of his reason for resignation subsequently prior approval shall be obtained from the DSNBFI. The details of the resigned directors of the financial period are included in page no 43, Directors' attendance at board and subcommittee meetings.	
<b>A.9 Appraisal of Board Performance –</b>		
	The Board should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.	
A.9.1 – A.9.3	Appraisal of Board Performance  Annual self-evaluation by the Board members and of its committees  Disclosure of evaluation process	Annual assessments for the BOD and sub committees have been conducted for the financial period.  The extent of compliance with this requirement is disclosed in page No. 42 under "Board and its Sub Committees' effectiveness".

Section	Rule	Degree of Compliance
A.9.4	The Board should state how such performance evaluations have been conducted, in the Annual Report. The process adopted by the AFPLC is detailed on page no. 42, "Board and its Sub Committees' effectiveness" of this report.	
<b>A.10 Disclosure of information in respect of Directors</b>		
	Shareholders should keep advising of relevant details in respect of Directors.	
A.10.1	Annual Report disclosure in respect of Directors (Name, Qualifications, etc.)	Profiles of the Board of Directors are given on pages 32 to 36.
<b>A.11 Appraisal of Chief Executive Officer (CEO)</b>		
	The Board should require at least annually to assess the performance of the CEO.	
A.11.1	Targets for CEO at the commencement of each fiscal year	The CEO's performance targets are aligned with the business strategies of the Company. Targets are set at the beginning of every financial year by the Board, which is in line with the short, medium- and long-term objectives of the Company.
A.11.2	Evaluation of the performance at the end of each fiscal year	At the end of each financial year the Board evaluates the set targets and the actual performance.
<b>B. Directors' Remuneration</b>		
<b>B.1 Remuneration procedure</b>		
	The Company has 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 remuneration.	
B.1.1	Setting up of Remuneration Committee	The HR and RC Committee determines the compensation and benefits of the Executive Directors/Key Management Personals and ensures no director is involved in determining his own remuneration. Further, the Committee is responsible for deciding the overall remuneration structure of the Company.
B.1.2	Composition of Remuneration Committee	The Remuneration Committee is comprised of Independent Non-Executive Directors. Refer the Human Resource and Remuneration Committee report on page 124 to 125.
B.1.3	Disclosure in the Annual Report about the Remuneration Committee members	Human Resource and Remuneration Committee report is given on pages 124 to 125.
B.1.4	Remuneration of Non-Executive Directors	The Non-Executive Directors (Independent) receive fixed remuneration for attending meetings of the Board and Board Sub-committees.

## Corporate Governance (Contd.)

Section	Rule	Degree of Compliance
B.1.5	Remuneration Committee consult Chairman / CEO and other Executive Directors and access to the professional advice	The Directors are empowered to seek appropriate professional advice within and outside the Company as and when it is deemed necessary by the Committee.
<b>B.2 The level and make up of Remuneration</b>		
	The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors to run the company successfully. A proportion of the Executive Director's remuneration should be structured to link rewards to corporate and individual performance.	
B.2.1 – B.2.10	Level and make up of remuneration of Executive Directors including performance element in pay structure <ul style="list-style-type: none"> <li>- Remuneration packages in line with industry practices</li> <li>- Executive share option</li> <li>- Non-Executive Directors' remuneration</li> </ul>	<p>The Remuneration Committee gives due consideration to the provisions of these sections and arrives at final recommendations as specified.</p> <p>The Remuneration Committee ensures that remuneration packages are in line with the industry practices.</p> <p>The Company does not have an executive share option scheme.</p> <p>The Non-Executive Directors (Independent) receive fixed remuneration for attending meetings of the Board and Board Sub-committees.</p>
<b>B.3 Disclosure of Remuneration</b>		
	The annual Report of the Company should contain a statement of remuneration policy and details of remuneration of the Board as a whole.	
B.3.1	Disclosure in the Annual report about the <ul style="list-style-type: none"> <li>(a) Remuneration Committee members</li> <li>(b) statement of remuneration policy</li> <li>(c) aggregate remuneration paid</li> </ul>	Please refer to the Remuneration Committee report on page No. 124 to 125 and Note No. 47 to the Financial Statements. Aggregate Remuneration paid included in the corporate governance section.16.1. iv. Refer page 78.
<b>C. Relations with Shareholders</b>		
<b>C.1 Constructive use of the Annual General Meeting (AGM) and Conduct of General Meetings.</b>		
	The board should use the AGM to communicate with shareholders and should encourage their participation.	
C.1.1	Arrange for the notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting.	The annual Report including Financial Statements and the notice of the meeting are sent to shareholders at least 15 working days prior to the date of the AGM.
C.1.2	Separate resolutions for separate issues	Separate resolutions are placed before shareholders for business transactions at the AGM.
C.1.3	Use of proxy	The Company has recorded all proxy votes for each resolution prior to the General Meeting.

Section	Rule	Degree of Compliance
C.1.4	Arrangement made by the Chairman of Board that all Chairmen of Sub-Committees make themselves available at the AGM	The Chairman of the Board ensures that the Chairmen of the Board Sub-Committees are present at the AGM unless under exceptional circumstances.
C.1.5	Circulate, along with every Notice of General Meeting, a summary of the procedures governing voting at General Meeting.	A summary of the procedure is set out in the Proxy form itself sent to each shareholder.

## C.2 Communication with Shareholders

The Board should implement effective communication with shareholders.

C.2.1	Channel to reach all shareholders to disseminate timely information	The Board approved communication policy addresses this matter.
C.2.2	Policy and methodology of communicating	The Annual General Meeting of the Company is the main forum where the Board maintains effective communication with the shareholders. Hence all shareholders are encouraged to participate in the AGM. Further, the Company's website, corporate disclosures and other news releases to the Colombo Stock Exchange function as additional communication channels.
C.2.3	Implementation of the methodology	Refer the comment on principle C.2.2
C.2.4	Contact person in relation to communications	Shareholders may contact the Chief Financial Officer for queries, if any.
C.2.5	Awareness of Directors on major issues and concerns of shareholders	The Company Secretaries maintain records of all correspondence received from shareholders and direct the same to appropriate channels for resolution.
C.2.6	Contact person in relation to shareholders' matters	The Company Secretaries can be contacted with any queries of shareholders, whose details are given below, Varners International (Pvt.) Ltd., Corporate Secretaries, Level 14, West Tower, World Trade Centre, Echelon Square, Colombo – 01.
C.2.7	Process for responding to shareholders	Refer the comment on principle C.2.5

## C.3 Major and Material Transactions

Directors should disclose all proposed corporate transactions which would materially alter the net asset base of the Company.

C.3.1	Disclosure of major and material transactions	The Company did not enter into major transactions during the year.
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## Corporate Governance (Contd.)

Section	Rule	Degree of Compliance
C.3.2	Comply with the disclosure requirements and shareholder approval by special resolution as required by SEC.	The company did not engage in or commit any major and material related party transaction during the year which materially affected the company's/group's net asset base to make a disclosure to SEC and CSE.
<b>D. Accountability and Audit</b>		
<b>D.1 Financial and Business Reporting (The Annual Report)</b>		
	The Board should present a balanced and understandable assessment of the Company's financial position and prospects.	
D.1.1	Present balanced and understandable assessment of the company's financial position and prospects.	The Company has reported the Audited Financial Statements as at 31st March 2025 and the Interim Financial Statements at the end of each quarter of the financial year which has complied with the Companies Act No. 07 of 2007, Finance Business Act No. 42 of 2011 and the directions made there under and in conformity with the Sri Lanka Accounting Standards. This information is initially uploaded to the Colombo Stock Exchange website in order to ensure the maintenance of a fair and orderly securities market as required by Listing Rules of the CSE. All price sensitive information has been disclosed in a timely manner.
D.1.2	The Board should present interim and other price sensitive information to the public and reports to regulators.	
D.1.3	Board should obtain a declaration from CEO and CFO in their opinion about the financial records, financial position and performance of the company	The Board obtained declarations from the CEO and CFO that the Company's interim and annual financial statements are prepared in conformity with applicable accounting standards, relevant laws and regulations and gives true and fair views of the financial position and performance, risk management and effectiveness of the internal controls.
D.1.4	Directors' Report in the Annual Report	Refer the Report of the Board of Directors on pages 140 to 144.
D.1.5	Annual report should contain a report/ statement on Internal Control	Statement of Directors' responsibilities is given on pages 145 to 146, Auditors statement given on pages 147 to 148 and Director's statement of internal control over financial reporting on pages 149 to 150.
D.1.6	Management discussion and analysis	Management Discussion and Analysis is given on pages 11 to 19.
D.1.7	In the event of the company falling below 50% of the value of the company's shareholder funds the directors should report periodically to the shareholders.	This situation has not arisen during the year, and the likelihood of such a situation is remote.

Section	Rule	Degree of Compliance
D.1.8	Disclosure of related party transactions	Refer Note No. 47 to the Audited Financial Statements and Report of the Board of Directors on pages 140 to 144.
<b>D.2 Risk Management and Internal control</b>		
	The Board should maintain a sound system of internal control to safeguard shareholders' investments and Company assets.	
D.2.1	Evaluation of internal controls by the Board	The Audit Committee, with the assistance of the Internal and External Auditors, reviews the effectiveness of the internal control procedures and takes corrective action where necessary.
D.2.2	Evaluation of the process and effectiveness of risk management and internal controls.	The Internal Audit Division regularly reviews and reports to the Audit Committee on Risk Management measures and internal control systems. The Audit Committee, on behalf of the Board, monitors and takes corrective action where necessary on the said controls and risk management measures.
D.2.3	Internal Audit function	Findings together with appropriate recommendations are discussed at Audit Committee Meetings. Please refer to the Audit Committee Report on pages 119 to 121 for more details.
D.2.4	Ensure carrying out the reviews of the process and effectiveness of the process and effectiveness of risk management and internal controls.	<p>A process has been set up to provide reasonable assurance on reliability of internal controls over the financial reporting process. The Board Audit Committee annually reviews the effectiveness of internal controls and risk management process through the fully fledged internal audit department to ensure effective discharge of their duties.</p> <p>Refer Directors statement of internal control over financial reporting on pages 149 to 150.</p>
D.2.5	Responsibilities of Directors in maintaining a sound system of internal control and statement of internal control	Refer Directors' Statement on Internal Control over Financial Reporting on pages 149 to 150.



## Corporate Governance (Contd.)

Section	Rule	Degree of Compliance
<b>D.3 Audit Committee</b>		
	The Board should establish formal and transparent arrangements to consider how they should select and apply accounting policies, financial reporting and internal control principles and maintain an appropriate relationship with the Company's Auditors.	
D.3.1	Terms of reference of the Audit Committee	The extent of compliance with this requirement is disclosed on page 94 under "Audit Committee Report "The Audit Committee is guided by the Terms of Reference approved by the Board which outlines its authority and responsibility.
D.3.2	Disclosure made in the Annual Report about the Audit Committee.	Refer the Audit Committee Report on pages 119 to 121.
<b>D.4 Related Party Transactions Review Committee</b>		
	The Board should establish a procedure to ensure that company does not engage in transactions with "related parties" in a manner that would grant such parties "more favorable treatment" than that accorded to third parties in normal course of business.	
D.4.1	A related party and related party transaction will be as defined in LKAS 24	According to the Related Party policy and procedure in place for identification of related parties and related party transactions as defined in LKAS 24 and other regulations.
D.4.2	Composition of Related Party Transactions Review Committee	The Board has established a Related Party Transactions (RPT) Review Committee consisting of three Independent Non-Executive Directors including the chairman of the committee. Please refer to the Related Party Transactions Review Committee on pages 122 to 123.
D.4.3	Terms of Reference for the RPTRC	The Related Party Transactions Review Committee is guided by the Terms of Reference approved by the Board which outlines its authority and responsibility
<b>D.5 Code of Business Conduct and Ethics</b>		
	The Company must adopt a Code of Business Conduct and Ethics for Directors and members of the Senior Management team. Any non-compliance with the said Code should be promptly disclosed.	
D.5.1	Code of business conduct and ethics	The Company has in place a code of conduct and ethics and whistleblowing which is applicable to Directors and Employees. Corporate governance and Page 80.
D.5.2	Process to ensure material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	The process is in place to obtain declaration from Directors, KRPs and all staff members on compliance of these policies.

Section	Rule	Degree of Compliance
D.5.3	Establish Company policy for monitoring, and disclosure of shares purchased by any director, KMP or any other employee involved in financial reporting.	The Chairman and the Board affirm that all Directors and KRPs have declared compliance with this Code
D.5.4	Violation of any of the provisions of the code of business conduct and ethics.	No significant breaches observed during the period.
D.6 Corporate Governance disclosures		
	Directors should be required to disclose the extent to which the company adheres to established principles and practices of good corporate governance.	
D.6.1	Disclosure of which extent to which the company has complied with the principles and provisions of this code.	This requirement is met through the Corporate Governance Report on Pages 45 to 80
II. Shareholders		
E. Institutional Investors		
E.1 Shareholder Voting		
	Institutional shareholders are required to make considered use of their votes and encouraged to ensure that their voting intentions are translated into practice.	
E.1.1	Regular dialogue to be maintained with shareholders and Chairman to communicate shareholders views to the Board	The company has 73,693,171 Ordinary voting shares of which 70,653,451 are representing institutional shareholders. All shareholders are encouraged to participate in the AGM and cast their votes. An investor relations hotline/email is open for any investor to reach out to the CEO or Directors if required. The Annual General Meeting is a forum to have an effective dialogue with shareholders.
E.2 Evaluation of Governance disclosure		
	Institutional investors are encouraged to give due weight to all relevant factors in the Board structure and composition.	
F. Other Investors		
F.1 Investing / Divesting Decisions		
F.1.	Individual shareholders' investment decisions	Individual shareholders investing directly in the Company are encouraged to seek independent advice on their investment holding or divesting decisions.

## Corporate Governance (Contd.)

Section	Rule	Degree of Compliance
<b>F.2 Shareholder Voting</b>		
F.2	Individual shareholder voting	Individual shareholders are encouraged to participate in the Annual General Meeting and to exercise their voting rights. Notices of the meetings are dispatched to all shareholders within the prescribed time period.
<b>G. Internet of Things and Cybersecurity</b>		
G.1	Identify connectivity and related cyber risks	<p>The company has identified potential cyber risks which can occur. To secure its assets, many actions have been taken</p> <ul style="list-style-type: none"> <li>a) Continue the vulnerability assessments done by independent professional body and act on their recommendations</li> <li>b) Upgrade the internal and external firewalls</li> <li>c) Staff awareness of cyber risks</li> </ul>
G.2	Appoint a CISO and allocate budget to implement a cybersecurity policy	The CISO has been appointed, and the cybersecurity strategies are in place.
G.3	Include cyber security on Board agenda	Refer Page 18, Information Technology & Information Security
G.4	Obtain periodic assurance to review effectiveness of cybersecurity risk management	An independent assessment is conducted by a third party twice a year. It will be more strengthened and continue.
<b>G.5 Disclosures in Annual Report</b>		
<b>H. Environment, Society and Governance (ESG)</b>		
H.1	ESG Reporting	Refer Section of 1.3 (c) of Page 46.
H1.2	Environmental Factors	Refer page 31.
H1.3	Social Factors	Refer page 31.
H1.4	Governance	Refer pages from 45 to 118.
H1.5	Board'S Role on ESG Factors	Refer Section 1.3 (c) of Page 46.

# Board Audit Committee (BAC) Report

## Charter of The Committee

The Terms of Reference of the Board Audit Committee (BAC) are clearly defined in the Charter of the BAC which is periodically reviewed and revised with the concurrence of the Board of Directors.

The functions of the BAC are designed to assist the Board of Directors in its general oversight on financial reporting, internal and external audits and compliance with legal and regulatory requirements and risk management.

## The Role and Responsibilities

The BAC is expected to ensure;

- The integrity of the financial reporting of the company and the compliance with financial reporting requirements, information requirements of the company's act and other related financial reporting regulations
- The effectiveness of the internal control system and the company's Risk Management function
- The company's ability to continue as a going concern in the foreseeable future
- Independence and effectiveness of the company's External Auditors
- Performance of the company's Internal Audit function
- The company's compliance with legal and regulatory requirements including the performance of the company's compliance function

The BAC is currently in compliance with section 10.2 Corporate Governance Direction No.5 of 2021.

## Authority

The BAC has the entire authority to investigate any matter, including any employee questioned at a meeting of the BAC, full access to information and authority to obtain external professional advice, at the Company's expense.

## Audit Committee Charter

The Charter of the Audit Committee outlines the committee's purpose, responsibilities, and authority within an organization. It typically includes provisions regarding oversight of financial reporting, internal controls, risk management processes, and compliance with legal and regulatory requirements. The charter also defines the committee's structure, composition, and procedures for meetings, ensuring transparency and accountability in the organization's financial practices. This document serves as a crucial framework for maintaining integrity and reliability in financial reporting and upholding ethical standards across the board.

With the approval of the Board of Directors, the Audit Committee Charter is periodically reviewed and updated to ensure that any new information pertaining to the Committee's role is covered.

"Code of Best Practice on Corporate Governance," published by the Institute of Chartered Accountants of Sri Lanka in 2023, "Rules on Corporate Governance" under the Colombo Stock Exchange's listing rules, and "Finance companies (Corporate Governance) Direction No. 03 of 2008 and Direction No. 5 of 2021 issued by the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011."

## Composition

Members of the BAC are appointed by the Board and comprised of four Independent Non-Executive Directors, as shown below:

Name of the Director	Director Status
Mr. Yudhishtan Kanagasabai*	Chairman/Independent Non-Executive Director
Mr. K. J. Cecil Perera	Independent Non-Executive Director
Mr. Thulci Aluwihare	Independent Non-Executive Director
Mr. P. T. Wanigasekara	Independent Non-Executive Director

\* Mr. Yudhishtan Kanagasabai has been appointed as the Chairman of Audit Committee w.e.f. 12th June 2025.

## Board Audit Committee (BAC) Report (Contd.)

The Chairman of the Committee is a corporate leader and a Chartered Accountant with over four decades of distinguished service to the profession. As a former Chief Executive Officer of PricewaterhouseCoopers (PwC) Sri Lanka and Maldives, Mr. Yudy was instrumental in transforming the firm into a high-performing and a client-focused operation. He spearheaded significant growth in the Assurance and Advisory practices, introduced audit automation to the local market, and positioned the firm as a leader across multiple sectors, including telecommunications, pharmaceuticals, and apparel. Yudy is a Fellow of the Institute of Chartered Accountants of Sri Lanka and brings deep sector knowledge across telecommunications, financial services, and manufacturing. His core strengths include business turnaround, risk management, organizational restructuring, and strategic execution.

The Secretaries of the Company functioned as the Secretaries of the Committee. The Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Compliance officer, Head of credit & legal, Senior Manager Recoveries and the Internal Auditor attend all meetings of the Committee by invitation.

### Meetings

15 meetings were held during the financial year and the attendance of the BAC members at the meetings during the financial year under review was as follows,

Name	No. of Meetings Applicable	No of Meetings Attended
Mr. K. J. Cecil Perera	15	14
Mr. Thulci Aluwihare	15	13
Mr. S.M.S.S. Bandara *	12	11
Mrs. K A Perera **	05	05
Mr. P.T. Wanigasekara ***	01	01

\* Mr. S M S Sanjaya Bandara resigned from the Board w.e.f. 31st December 2024.

\*\* Mr. Kapuge Aruna Perera appointed into the Board w.e.f. 04th October 2024 and appointed as the Chairman of Audit Committee w.e.f. 04th October 2024. Mr. Kapuge Aruna Perera resigned from the Board w.e.f. 10th March 2025.

\*\*\* Mr. P T Wanigasekera has been appointed as the Chairman of Audit Committee w.e.f. 18th March 2025 till 12th June 2025 and then he continues to be a member.

On the invitation of the BAC, any officer of the Company, External Auditors and any outsider may attend all or part of any meeting. The proceedings of the BAC meetings are recorded with adequate details and reported to the Board of Directors.

### Regulatory compliance

The board audit committee plays a crucial role in ensuring regulatory compliance within organizations. It oversees financial reporting processes, internal controls, and adherence to legal guidelines. This committee helps mitigate risks associated with non-compliance, ensuring transparency and accountability in business operations. By conducting regular audits and reviews, it strengthens governance frameworks and promotes ethical practices. Effective collaboration between the audit committee, management, and external auditors is essential for maintaining regulatory standards and upholding stakeholder trust.

The compliance officer, in collaboration with the board audit committee, ensures adherence to regulatory requirements and internal policies. They monitor and assess risks, develop compliance programs, and conduct regular audits to verify adherence. The officer also serves as a liaison between the committee, management, and external regulators, providing guidance on emerging compliance issues and fostering a culture of integrity and ethics within the organization. Together, they strengthen oversight, mitigate legal and operational risks, and uphold standards that safeguard the organization's reputation and stakeholder trust.

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### Financial Statements and Independent Audit

The financial information of the company was reviewed by the Committee, with a view to monitoring the integrity of the financial statements of the company. In reviewing the company's interim financial statements, the committee focused particularly on major judgmental areas, any changes in accounting policies and practices, the going concern assumption, and compliance with relevant accounting standards and other legal requirements.

The committee had meetings with the external auditors to discuss issues, problems and reservations arising from the interim and final audits, and any other matters the auditors wished to discuss. The committee met external auditors without the presence of the management to discuss any matters that needed to be discussed in the absence of Key Responsible Persons (KRPs).

The BAC is reviewing the external auditors' Management Letter and management responses thereto.

The assurance was taken from CEO and the CFO for the company's operations and finances during the year.

### External Audit

The BAC monitors independence and objectivity of the audit processes of external audit in accordance with applicable standards and best practice. The committee made recommendations on matters in connection with the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes and their audit fee. Before the audit commenced, the committee discussed and finalized with the external auditors the nature and scope of the audit.

The BAC met the external auditors KPMG to discuss issues, problems and reservations arising from the interim and final audits, and any other matters the auditors wished to discuss. The Committee met external auditors without the presence of the management to discuss any matters that needed to be discussed in the absence of key management personnel.

### Internal Audit

The BAC reviewed the adequacy of the scope, functions and resources of the internal audit department and satisfied itself that the department has the necessary authority to carry out its work and monitor and review the effectiveness of the company's internal audit function in the context of the company's overall risk management system.

The internal audit plan and results of the internal audit process were reviewed by the committee. Where necessary, the committee advised the management to take appropriate action on the recommendations of the internal audit department. The committee shall assess the performance of the head of internal audit and other senior staff members of the Internal audit department.

### Committee Evaluation

An annual evaluation of the committee was carried out by the Board with contributions from individual committee members.

### Conclusion

The evaluation of reports and based on independent judgment, the BAC is satisfied with the financial reporting, internal control environment, compliance with statutory requirements, independence and effectiveness of external auditors and performance of internal audits of the company under review.



**Mr. Yudhishtan Kanagasabai**

Chairman – Board Audit Committee

19th August 2025

# Related Party Transactions Review Committee (RPTRC) Report

According to the Terms of Reference of the Related Party Transaction Review Committee, the main purpose of the committee is to consider all transactions with related parties and take necessary steps to avoid any conflicts of interest and favorable treatment that may arise from any transaction of the company with any parties categorize under “related parties”, of the company.

The Board Related Party Transactions Review Committee (RPTRC) was established in 2016, in accordance with the Code of Best Practice on Related Party Transactions issued by the SEC and with Section 9 of the Listing Rules of the CSE. The committee has complied with the applicable provisions of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance.

### Composition of The Committee

During the financial year under review, the Related Party Transactions Review Committee (the Committee) comprised of the following Independent Non-Executive Directors and the profiles of the members, are indicated on pages 32 to 36.

Name of the Director	Director Status
Mr. Yudhishtan Kanagasabai *	Chairman/Independent Non-Executive Director
Mr. K J Cecil Perera	Independent Non-Executive Director
Mr. Thulci Aluwihare	Independent Non-Executive Director

\* Mr. Yudhishtan Kanagasabai has been appointed as the Chairman w.e.f. 12th June 2025.

### Meeting Attendance

The committee met four times during the financial year and attendance of the members were as follows,

Name	No. of Meetings Applicable	No of Meetings Attended
Mr. K J Cecil Perera	04	04
Mr. Thulci Aluwihare *	04	04
Mr. S.M.S.S. Bandara **	03	03
Mr. K A Perera ***	02	02
Mr. Danushka De Silva ****	00	00

\* Mr. Thulci Aluwihare was appointed as the Chairman of the Committee w.e.f. 18th March 2025 till 12th June 2025.

\*\* Mr. S M S Sanjaya Bandara has resigned from the Board w.e.f. 31.12.2024.

\*\*\* Mr. K A Perera appointed into the committee as a member w.e.f. 28th October 2024 and appointed as the Chairman of the Committee w.e.f. 17th January 2025. Mr. Kapuge Aruna Perera resigned from the Board w.e.f. 10th March 2025.

\*\*\*\*Mr. Dhanushka De Silva was appointed as a member w.e.f. 18th March 2025 till 12th June 2025.

Secretaries of the company function as the secretary to the committee.

The committee shall invite officers, directors, and employees of the company, as it may deem appropriate, to attend committee meetings and assist in discussion and consideration of matters relating to the directors.

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## Responsibilities and Duties

### Responsibilities of the committee includes;

- Take the necessary steps to avoid any conflicts of interest that may arise from any transaction with parties who shall be considered as “related parties”.
- Ensure that the company does not engage in business transactions with a related party in a manner that would grant such party “more favorable treatment” than that is accorded to other similar constituents of the company.
- Shall make whatever recommendations the board it deems appropriate on any area within its limits where action or improvement is needed.
- Prevent conflicts of interest in company transactions with related parties by maintaining and periodically updating a list of related parties, including directors, senior management, significant shareholders, subsidiaries, affiliates, and their associates and relatives.
- Ensure transactions with related parties do not grant them more favorable treatment compared to other constituents by avoiding excessive financial accommodations, better interest rates, preferential treatment, or bypassing proper evaluation procedures. Additionally, safeguard proprietary, confidential, or sensitive information, sharing it only as necessary for legitimate duties.

### Activities in 2024/25

- The committee has prior reviewed and recommended all the related party transactions in compliance with its terms of reference.

- An annual evaluation of the committee was carried out by the committee with the contributions from individual committee members.
- The Committee reviewed the related party transactions and their compliance and communicated to the Board.
- The Committee in its review process recognized 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 47 to the Financial Statements.

### Reporting to the Board

All Board members have access to the RPTRC meeting minutes since they are tabled at board meetings. A verbal statement on any significant related party transactions is also given to the Board by the Chairman during the quarterly meetings.

For and on behalf of Related Party Transactions Review Committee.



### Mr. Yudhishter Kanagasabai

Chairman – Related Party Transactions Review Committee

19th August 2025



# Human Resource and Remuneration Committee

The Committee operates within the agreed Terms of Reference and the main objective of the committee is to provide the necessary guidance for implementation of Human Resources Management and Human Resources Development functions of the company while ensuring accountability, transparency and improving the well-being of the employees. The committee has complied with the applicable provisions of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance.

## Composition of the Committee

The committee consists of three (03) Independent, non-Executive Directors, as mentioned below.

Name of the Director	Director Status
Mr. Thulci Aluwihare	Chairman/Independent Non-Executive Director
Mr. K J C Perera	Independent Non-Executive Director
Mr. Hiran Embuldeniya *	Non-Independent Non-Executive Director

\* Mr. Hiran Embuldeniya has been appointed as a member w.e.f. 12th June 2025.

The profiles of the committee members are set out on pages 32 to 36 of this Annual Report.

The secretaries of the company functioned as the secretaries of the committee.

## Meeting Attendance

The committee met one time during the financial year and attendance of the members were as follows,

Name	No. of Meetings Applicable	No of Meetings Attended
Mr. Thulci Aluwihare	01	01
Mr. K J Cecil Perera	01	01
Mrs. D S Rathnayake *	01	01

\* Mrs. D. S. Ratnayake resigned from the Board w.e.f. 08th July 2025.

## Regulations/Rules Relevant to the Functions of the Committee

The Board established the Human Resources and Remuneration Committee in accordance with Section 9.18.6 of the Colombo Stock Exchange Listing Rules, and the Committee's structure and operations comply with the Listing Rules.

## Responsibilities and Duties

Responsibilities of the committee includes;

- Ensure that there shall be a formal and transparent procedure in developing the remuneration policy.
- Ensuring that the company adopts, monitors, and applies appropriate remuneration policies and procedures.
- Determine the remuneration policy (salaries, allowances, and other financial payments) relating to Executive Directors and senior management of the company and fee and allowances structure for Non-Executive Directors.
- Recommend the remuneration policy for approval of the Board of Directors on paying salaries, allowances and other financial incentives for all employees of the company.

- 
- Ensure remuneration structure in line with the business strategy, objectives, values, long-term interests and cost structure of the company. It shall also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not incentivize employees to take excessive risk or to act in self-interest.
  - Ensure that a proper performance appraisal system for the staff of the company is in place.
  - Ensure proper succession plan for Senior Management is in place.

#### Remuneration of the Directors

The financial statements' Note 12 details the remuneration paid to Directors during the year.

The remuneration is paid to each Independent Non-Executive Director for their service on the board and its subcommittee.

#### Committee Evaluation

The committee completed an evaluation process with self-assessment of members in March 2025, which was forwarded to the Board.



**Mr. Thulci Aluwihare**

Chairman – Human Resource and Remuneration Committee

19th August 2025

# Nomination and Governance Committee Report

## Objectives and Scope

The Board Nomination Committee has been appointed by the Board of Directors of Abans Finance PLC (the Company) to which it is responsible. The Committee operates within the agreed Terms of Reference and works closely with the Board in reviewing the structure and skills needed in a successful organization.

The Nomination Committee is established to assist the Board to run effectively, and the Company can go through a formal, fair and transparent process of reviewing the balance and effectiveness of the Board, identifying the skills, experience and diversity of perspectives needed and appointing those who can provide them to the Board.

## The Role and Responsibilities

The nomination committee has following roles and responsibilities.

- I. Lead the process for the appointment of the directors, and to identify and nominate suitable candidates for appointment to the Board.
- II. Implement a formal and transparent procedure to select/appoint new directors and senior management.
- III. Ensure the selection process shall include whether the proposed directors possess the knowledge, skills, experience, independence and objectivity to fulfill their responsibilities on the board, have a record of integrity and good repute and have sufficient time to fully carry out their responsibilities.
- IV. Set the criteria, such as qualifications, experience, and key attributes required for eligibility, to be considered for appointment to the post of CEO and senior management.
- V. Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the company secretary to disclose to shareholders: a brief resume of the director, the nature of the expertise in relevant functional areas, the names of companies in which the director holds directorship or memberships in Board committees and whether such director can be considered as independent.
- VI. Consider and recommend from time to time, the requirements of additional/new expertise and the succession arrangements for retiring directors and senior management.

## Composition

The nomination committee comprised three (3) Non-executive Directors, as mentioned below.

Name of the Director	Director Status
Mr. P.T. Wanigasekara	Chairman/Independent Non-Executive Director
Mr. K J Cecil Perera	Independent Non-Executive Director
Mr. Thulci Aluwihare	Independent Non-Executive Director
Mr Hiran Embuldeniya *	Non-Independent Non-Executive Director

\* Mr Hiran Embuldeniya has been appointed as a member w.e.f. 12th June 2025.

The Profiles of the committee members are set out on pages 32 to 36 of this Annual Report.

The Secretaries of the Company functioned as the Secretaries of the Committee.

## Meetings

The committee met one time during the financial year and attendance of the members were as follows,

Name	No. of Meetings Applicable	No of Meetings Attended
Mr. P.T. Wanigasekara *	01	01
Mr. K J Cecil Perera	01	01
Mr. Thulci Aluwihare	01	01
Mrs. D S Rathnayake **	00	00
Mr. S.M.S.S. Bandara ***	00	00

\* Mr. P T Wanigasekera has been appointed as the Chairman of Committee w.e.f. 28th October 2024.

\*\* Mrs. D S Rathnayake has been a member till 28th October 2024.

\*\*\* Mr. S.M.S.S. Bandara has been appointed as the Chairman of the Committee w.e.f. 30th September 2024 and Mr. S.M.S.S. Bandara resigned from the Board w.e.f. 31.12.2024.



**P.T. Wanigasekara**

Chairman – Nomination and Governance Committee

19th August 2025

# Board Level Information Security Committee

The Committee operates within the agreed Terms of Reference, and the main objectives of the committee are to overlook the technology adoption, information security, cyber security, outsourcing & concentration and technology resilience. The committee shall be responsible for both strategic and operational aspects of information security and technology risk management. The committee has complied with the applicable provisions of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance under the Technology Risk Management & Resilience guideline.

## Composition of the Committee

The committee consists of three (03) Independent, non-Executive Directors, as mentioned below.

Name of the Director	Director Status
Mr. P.T. Wanigasekara *	Chairman/Independent Non-Executive Director
Mr. K J C Perera	Independent Non-Executive Director
Mr. Thulci Aluwihare	Independent Non-Executive Director

\* Mr. P T Wanigasekera has been appointed as the Chairman of Committee w.e.f 28th October 2024.

The profiles of the committee members are set out on pages 32 to 36 of this Annual Report.

The secretaries of the company functioned as the secretaries of the committee.

## Meeting Attendance

The committee met two times during the financial year and attendance of the members were as follows,

Name	No. of Meetings Applicable	No of Meetings Attended
Mr. P.T. Wanigasekara	01	01
Mr. K J C Perera	02	02
Mr. Thulci Aluwihare	02	01
Mr. S.M.S.S. Bandara *	02	01

\* Mr. S.M.S.S. Bandara has been appointed as the initial Chairman of the Committee and he resigned from the Board w.e.f. 31.12.2024.

## Regulations/Rules Relevant to the Functions of the Committee

The Board established the Board Information Security Committee in accordance with Section 4.1.d under Technology Risk and Governance Oversight on Directions No 01 of 2022(Technology Risk Management and Resilience) of Central Bank of Sri Lanka.

## Responsibilities and Duties

Responsibilities of the committee includes;

- Ensure that the organization has a robust and board-approved Information Security Strategy aligned with business objectives, risk appetite, and regulatory expectations.
- Review and monitor the cybersecurity posture and maturity roadmap of the organization.
- Approve and periodically review the Information Security Policy, Acceptable Use Policy, Data Protection Policy, and other related frameworks.
- Evaluate and monitor cybersecurity risks, including emerging threats, vulnerabilities, and technology risks.
- Ensure compliance with applicable laws and regulations, such as: CBSL Technology Risk Management and Resilience Guidelines & Sri Lanka Personal Data Protection Act (PDPA).
- Review major security incidents, data breaches, and near-misses, including root cause analysis and corrective actions.
- Ensure there is an effective Incident Response Plan and Business Continuity/Disaster Recovery Plan in place, tested periodically.
- Review and recommend approval of the Information Security and Cybersecurity Budget, including investments in people, technology, and third-party services.

## Committee Evaluation

The committee completed an evaluation process with self-assessment of members in March 2025, which was forwarded to the Board.



**P.T. Wanigasekara**

Chairman – Board Information Security Committee

19th August 2025

# Board Integrated Risk Management Committee Report

The Board Integrated Risk Management Committee (BIRMC) is a duly constituted sub-committee of the Board of Directors of Abans Finance PLC, established in accordance with Section 10.3 of the Corporate Governance Direction No. 05 of 2021, issued by the Monetary Board of the Central Bank of Sri Lanka. The Committee operates under a Board-approved Terms of Reference and is entrusted with the critical responsibility for supporting the Board in the oversight of the Company's overall risk management framework.

The Committee's primary mandate includes defining and recommending the Company's risk appetite and tolerance levels, ensuring that appropriate risk management systems and processes are in place, and regularly monitoring adherence to these parameters. In addition, the BIRMC is responsible for overseeing the effectiveness of the Compliance Function, thereby ensuring that the Company operates in conformity with applicable regulatory and legal requirements.

## Terms of Reference of the Committee

BIRMC of AFPLC has been established in accordance with the requirements of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance, issued by the Central Bank of Sri Lanka. As a formal sub-committee of the Board of Directors, the BIRMC operates under a clearly defined Terms of Reference approved by the Board. The Committee's mandate outlines its composition, authority, roles, responsibilities, and the procedures governing its activities. The Company Secretary functions as the Secretary to the Committee and provides administrative and procedural support.

The BIRMC plays a critical role in supporting the Board by monitoring the effectiveness of the Company's risk management framework. Its responsibilities include the continuous identification, assessment, and oversight of key risk exposures across all major risk categories. This is achieved through regular review of comprehensive management reports and risk dashboards that reflect the Company's current risk profile.

In fulfilling its duties, the Committee ensures that Abans Finance PLC's risk management policies are robust, well-aligned with business objectives, and responsive to the changing risk environment. It also reviews and recommends the Company's Risk Management Policy, ensuring it is in line with the risk appetite and strategy defined by the Board. In doing so, the BIRMC contributes to the establishment of a sound risk culture and effective risk governance across the organization.

## Composition of the Committee

The Board Integrated Risk Management Committee (BIRMC) is composed entirely of Independent Non-Executive Directors who possess extensive knowledge and experience in areas such as finance, corporate governance, and risk management. This ensures the Committee's ability to provide robust oversight of the Company's risk management framework.

While the Committee functions independently, it engages with key members of senior management to ensure informed decision-making. The Chief Executive Officer, Chief Financial Officer, Risk Officer, and Compliance Officer may be invited to attend meetings to provide input on specific matters under discussion.

In addition, the Committee may invite any other officer, employee, or responsible party whose presence is deemed necessary for the effective deliberation of risk-related issues. This inclusive approach enables the Committee to make well-informed recommendations to the Board and enhances the overall effectiveness of the Company's risk governance structure.

## Committee Meetings

In line with Subsection 10.1 of Direction No. 05 of 2021 on Corporate Governance, issued by the Central Bank of Sri Lanka, Finance Companies with an asset base below Rs. 20 billion are required to convene the Board Integrated Risk Management Committee (BIRMC) on at least a quarterly basis. AFPLC has adhered fully to this regulatory requirement, with the Committee meeting every quarter during the financial year.

Each meeting focuses on assessing the Company's overall risk exposures, reviewing risk trends, and evaluating the effectiveness of mitigation measures in place. Key matters discussed and decisions made are formally recorded in the meeting minutes. A structured risk assessment report is submitted to the Board following each meeting, highlighting key insights, proposed actions, and any areas requiring Board guidance or approval. This ensures proactive risk oversight and alignment with regulatory and strategic priorities.

### Overview of Committee Proceedings and Governance Changes – FY 2024/25

Name of the Director	Director Status
Ms. S.C Kulasinghe	Chairman/Independent Non-Executive Director
Mr. K J Cecil Perera	Independent Non-Executive Director
Mr. Thulci Aluwihare	Independent Non-Executive Director
Mr. P.T. Wanigasekara	Independent Non-Executive Director

Name	No. of Meetings Applicable	No of Meetings Attended
Ms. S.C Kulasinghe *	02	02
Mr. K J Cecil Perera	04	04
Mr. Thulci Aluwihare	04	02
Mrs. D.S Ratnayake **	01	01
Mr. S.M.S.S Bandara ***	01	01
Mr. P.T. Wanigasekara ****	03	03

### Key Committee Transitions and Disclosures

- Changes in Committee Chairmanship-During the year under review, the BIRMC was chaired by three different Independent Non-Executive Directors due to changes in Committee leadership, in accordance with applicable corporate governance guidelines.

- In adherence to Rule No. 9.3.3 of the Listing Rules of the Colombo Stock Exchange, Mr. S. M. S. S. Bandara was appointed as the Chairperson of the Committee from 30th September 2024 and he resigned from the Board w.e.f. 31st December 2024.
- Mrs. D. S. Ratnayake served on the Committee till 28th October 2024.
- Mr. P.T. Wanigasekara was appointed as a member to the Committee w.e.f.28th October 2024.
- Ms. S. C. Kulasinghe was appointed to the Committee as the Chairman w.e.f. 20th January 2025.

### Duties and Responsibilities of the Committee

The BIRMC plays a pivotal role in safeguarding the Company's stability by overseeing the effectiveness of its risk management framework. The Committee operates under the authority delegated by the Board and in accordance with applicable regulatory guidelines, including the Finance Business Act Direction No. 05 of 2021.Key responsibilities of the committee includes;

- Risk Identification, Assessment and Monitor:**  
The Committee regularly evaluates key risk exposures including credit, market, liquidity, operational, strategic, compliance, and technology risks. This assessment is supported by management information systems (MIS), internal reporting mechanisms, and stress testing frameworks to ensure risks are identified and addressed proactively.
- Risk Appetite Framework:**  
The Committee is responsible for formulating and recommending a comprehensive Risk Appetite Statement (RAS) to the Board. The RAS outlines the types and levels of risks that the Company is willing to accept in pursuit of its strategic objectives, encompassing both quantitative metrics (e.g., capital, earnings, liquidity ratios) and qualitative considerations (e.g., reputational and compliance risk thresholds).
- Review of Risk Management Policies:**  
The Committee ensures that all risk-related policies, including the RAS, are periodically reviewed—at minimum annually—to reflect evolving regulatory expectations, market dynamics, and the Company's operational realities.

## Board Integrated Risk Management Committee Report (Contd.)

- Oversight of Senior Management Level Committees:

The Committee reviews the adequacy and performance of management-level committees that address specific risk domains such as credit, market, operational, technology, and liquidity risk. It ensures these committees function within risk parameters set by the Board and the BIRMC.

- Independent Risk Management Function :

BIRMC ensures the existence of an independent risk management function led by the Risk Officer who is tasked with implementing the integrated risk management framework and participating in strategic decision-making processes, and reporting regularly to the BIRMC.

- Business Continuity and Disaster Recovery:

The Committee periodically reviews and evaluates the Company's business continuity plans and disaster recovery procedures to ensure resilience against operational disruptions and emerging threats.

- Compliance Oversight:

BIRMC is charged with establishing and maintaining an independent compliance function to assess adherence with all applicable laws, regulations, regulatory directives, and internal policies. The Compliance Officer's duties are aligned with the scope defined in Direction No. 05 of 2021, ensuring the function remains objective, informed, and free of conflicting responsibilities.

- Performance Evaluation of Control Functions:

The Committee annually evaluates the effectiveness and performance of both the Compliance Officer and the Risk Officer to ensure continued independence and competence in fulfilling their mandates.

- Board Reporting:

After each meeting, the Committee submits a comprehensive risk assessment report to the Board of Directors, outlining its findings, recommendations, and requests for guidance or decisions on key risk-related matters.

Through these responsibilities, the BIRMC supports the Board in embedding a sound risk culture, enhancing risk transparency, and enabling sustainable value creation.

On behalf of the Board Integrated Risk Management Committee,



**Ms S.C Kulasinghe**

Chairman – Board Integrated Risk Management Committee Report

19th August 2025

# Risk Management Report

## Overview

Abans Finance PLC operates in a dynamic environment where managing risk is central to sustaining financial strength and stakeholder trust. The Company is exposed to a range of risks arising from its business model, market conditions, and regulatory obligations.

Guided by the Board of Directors and overseen through the Board Integrated Risk Management Committee (BIRMC), a structured and forward-looking risk management framework is in place. This framework is anchored in a Board-approved Risk Appetite Statement (RAS), which defines the types and levels of risk the Company is willing to accept in achieving its strategic objectives.

Risk limits are set and monitored in alignment with prevailing and stressed economic conditions. Independent risk and compliance functions support this process through regular reporting, enabling timely responses to emerging risks.

Through disciplined governance and continuous oversight, Abans Finance ensures that risk-taking activities remain prudent, transparent, and consistent with long-term value creation and regulatory expectations.

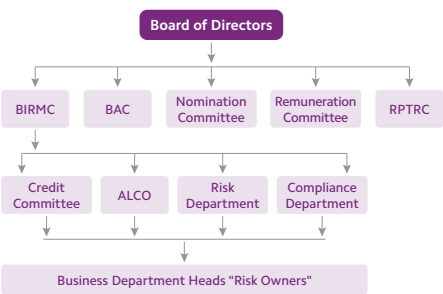
## Risk Governance

Effective risk governance forms the cornerstone of the Company's risk management framework. The Board of Directors assumes overall accountability for risk oversight, discharging this responsibility both directly and through the Board Integrated Risk Management Committee (BIRMC), in line with regulatory directives.

The BIRMC, chaired by an Independent Non-Executive Director, is mandated to oversee the formulation, implementation, and periodic review of the Company's risk management framework, including the Risk Appetite Statement (RAS). The Committee ensures that risk management remains integrated with strategic objectives and regulatory expectations, while fostering a sound risk culture across the organization.

Supporting the BIRMC are key management-level committees and independent control functions. The Risk and Compliance Departments provide independent oversight and reporting on material risk exposures and regulatory compliance, in accordance with delegated authority and defined escalation protocols.

Collectively, these structures promote a well-governed, proactive, and risk-informed decision-making environment, enhancing the Company's resilience and long-term value creation.

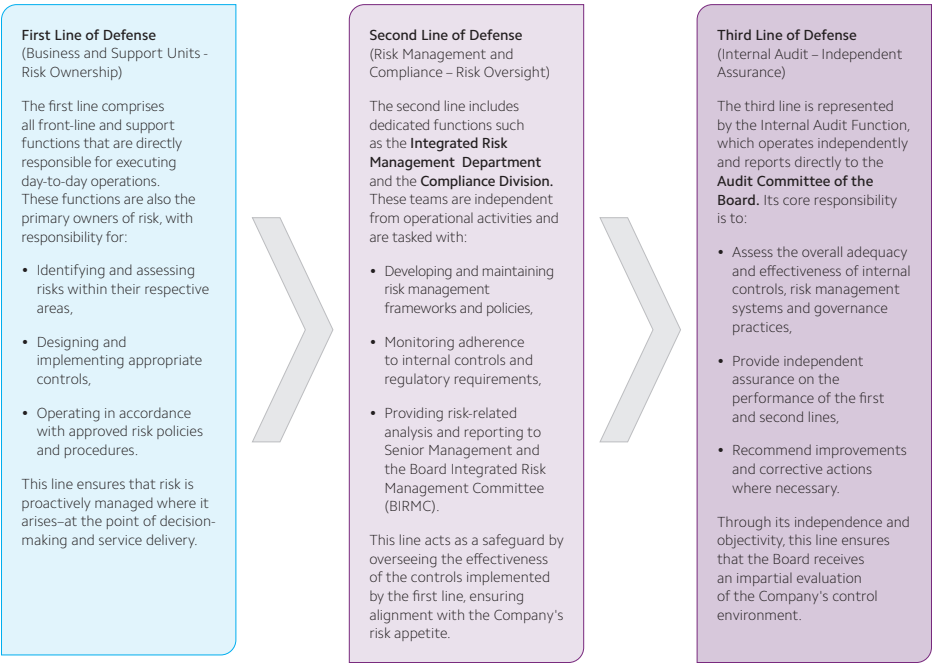




# Risk Management Report (Contd.)

## Three Lines of Defense

The Company's three lines of defense model facilitate to The Company adopted a structured Three Lines of Defense model as a cornerstone of its risk governance framework. This model clearly delineates roles and responsibilities across operational management, risk oversight, and internal audit—ensuring sound risk ownership, effective monitoring, and independent assurance.



## Risk Types

• Credit Risks
• Operational Risks
• Liquidity Risks
• Market Risks
• Technology Risks
• Reputational Risks
• Compliance Risks

Company is exposed to a range of risk types arising from its operations, financial intermediation, and market conditions. These risks are identified, assessed, and managed through an integrated risk management framework aligned with regulatory standards and strategic objectives.

## Credit Risk

Credit Risk represents the potential for financial loss arising from a borrower's or counterparty's failure to meet contractual or financial obligations to the Company. This risk primarily originates from the Company's core lending operations and investment activities where credit exposure exists.

The management of Credit Risk is governed by a clearly defined framework approved by the Board of Directors, which sets the foundation for prudent credit practices, consistent execution, and regulatory compliance across the organization. This framework includes the Company's Credit Policy, Credit Risk Appetite, and related governance structures.

Credit Risk oversight is conducted through two key management-level committees:

- **Credit Committee** – Responsible for evaluating credit proposals, approving facilities within delegated limits, and monitoring portfolio quality.
- **Asset and Liability Committee (ALCO)** – Oversees credit-related exposures from an asset-liability management perspective, ensures alignment with the Company's strategic direction, and enforces adherence to risk appetite limits.

The Board of Directors approves the Company's Credit Risk framework, which provides the overall structure that supports effective governance of the Company's Credit Risk. The Company's Credit Policy, Credit Risk Appetite and the Credit Risk framework set expectations for the conduct of the Credit Risk Management activities and behavior throughout the organization. Credit Risk governance structure aims to,

- Promote a strong risk culture across all levels of the company.
- Ensure consistent and effective execution of credit risk practices.
- Support performance aligned with strategic goals
- Uphold regulatory and prudential standards in all lending activities.

### Credit Process

The Company's credit process ensures that loans are granted within the customers' financial capacity and that delinquent loans are identified at an early stage and managed proactively. Assessing customers' financial capacity is an element of the credit approval process. The company follows a policy of mitigating Credit Risk

by means of collateralization and/or guarantees. The credit control environment verifies that credit facilities granted are in compliance with credit policies and in position with the Company's Credit Risk Appetite. The following figure defines the credit process of the Company.



### Impairment Charges and Non-Performing Loans

The Company continues to adopt a rigorous and forward-looking approach to impairment provisioning in alignment with the Expected Credit Loss (ECL) model under IFRS 9. Impairment is assessed both collectively and individually, with particular attention to exposures deemed significant due to size or elevated risk. The Company applies the Modified Retrospective Method in implementing the standard, ensuring historical consistency while capturing future-oriented risk assessments.

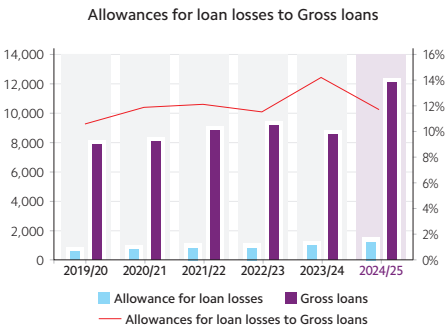
During the financial year 2024/25, the total allowance for loan losses increased to LKR 1.48 billion, up from LKR 1.29 billion in the previous year. This reflects prudent provisioning in response to macroeconomic uncertainties and evolving borrower creditworthiness.

# Risk Management Report (Contd.)

Despite a substantial expansion in the lending portfolio—reaching LKR 12.26 billion as at the end of 2024/25—the Allowance for Loan Losses to Gross Loans ratio moderated to 11.83%, compared to 14.37% in 2023/24. This moderation is attributable to improved loan origination quality, enhanced underwriting standards, and strengthened early warning systems, which collectively contributed to better overall portfolio performance.

The Company continues to monitor credit risk trends through regular stress testing, portfolio reviews, and data-driven forecasting models. These efforts support the timely recognition of credit deterioration and reinforce the resilience of the loan book under varying market scenarios.

The Company's impairment policy is aligned with its internal Credit Risk Appetite, as well as the broader objectives of capital preservation, regulatory compliance, and sustainable growth.



## Operational Risk

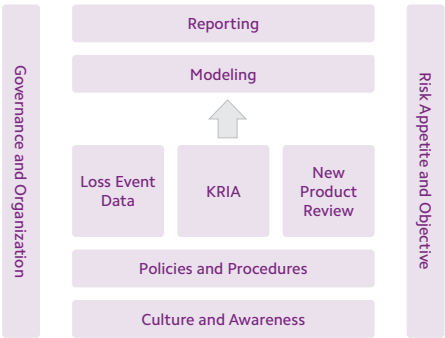
Operational risk represents the potential for loss resulting from inadequate or failed internal processes, systems, people, or external events. This includes legal and regulatory risks, system failures, human errors, process inefficiencies, fraud, and other external disruptions. While these risks are inherent across all business functions, their effective management is critical to sustaining the Company's financial integrity, regulatory compliance, and reputation.

The Company adopts a proactive and structured approach to managing operational risk, underpinned by robust internal controls, clearly defined responsibilities, and continuous monitoring. The Three Lines of Defense model is firmly embedded across all operations, ensuring accountability and effective segregation of risk oversight functions.

Operational risk governance is reinforced through dedicated policies, risk identification mechanisms, and control frameworks. Business units serve as the first line of defense and are responsible for managing the day-to-day operational risks associated with their functions. These are supported by independent oversight functions and assurance provided by the Internal Audit Division.

The Internal Audit Division plays a vital role in evaluating the effectiveness of operational controls, assessing risk exposure, and ensuring that the Company's operational risk framework operates within acceptable thresholds. This includes routine audits, control testing, and escalation of significant risk events, thereby supporting a resilient and well-governed operating environment.

By integrating operational risk considerations into strategic planning and decision-making, the Company continues to enhance operational resilience, protect stakeholder interests, and promote a culture of risk awareness and accountability.



Liquidity Risk

Liquidity risk arises from the Company’s potential inability to meet its financial obligations as they fall due, without incurring unacceptable losses or reputational damage. These obligations include deposit withdrawals, loan disbursements, debt repayments, and other operational or investment commitments.

The Company’s liquidity risk management framework is designed to always ensure sufficient funding and market access, supporting business continuity even under adverse market conditions. This discipline is fundamental to maintaining stakeholder confidence, managing the cost of funds, and enabling uninterrupted business operations.

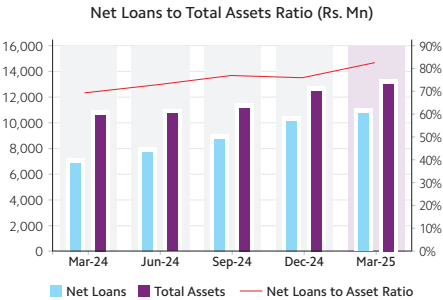
Liquidity is actively monitored and managed through the Asset and Liability Committee (ALCO), which plays a pivotal role in assessing liquidity trends and funding adequacy. Key liquidity metrics regularly reviewed include:

- Net Loans to Total Assets Ratio
- Liquid Asset Ratio
- Deposit Renewal Ratio
- Funding Mix and Maturity Profiles
- Funding Concentration Risk

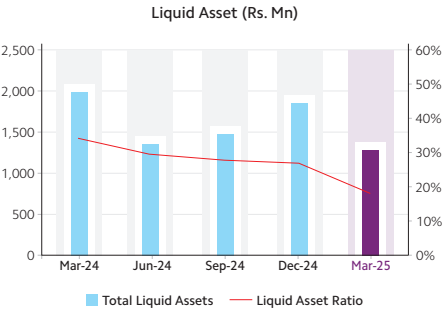
In addition to these metrics, ALCO performs regular scenario analyses and stress testing to evaluate the Company’s resilience under varying market conditions. Strategic decisions on asset-liability alignment, funding diversification, and contingency planning are made in line with regulatory guidelines and internal risk appetite thresholds.

Throughout the year, the Company maintained a strong liquid position, backed by a portfolio of high-quality, unencumbered liquid assets, ensuring the ability to meet obligations promptly and cost-effectively. This prudent liquidity strategy continues to reinforce the Company’s financial stability and operational agility.

Key liquidity metrics



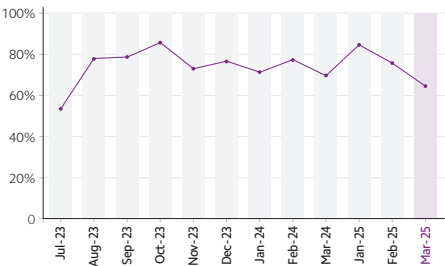
This ratio reflects the proportion of total assets allocated to net lending activities. A healthy ratio indicates efficient asset utilization in core lending operations, while maintaining adequate liquidity and asset quality. The Company monitors this ratio to ensure an optimal balance between profitability and financial stability.



The Liquid Asset Ratio measures the proportion of high-quality liquid assets held to meet short-term obligations. Maintaining a strong ratio ensures the Company’s ability to withstand liquidity stress and fulfil regulatory requirements. The ratio is actively monitored to safeguard financial flexibility and depositor confidence.

# Risk Management Report (Contd.)

Deposit Renewal Ratio (%)



The Deposit Renewal Ratio indicates the percentage of maturing deposits that are renewed by customers. A high renewal ratio reflects depositor confidence and supports funding stability. The Company closely monitors this ratio as a key indicator of franchise strength and liquidity resilience.

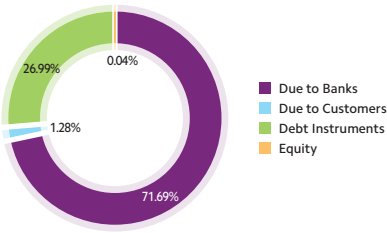
## Contingency Funding Plan

The Company maintains a structured Contingency Funding Plan (CFP) to respond effectively to liquidity stress events. This framework outlines a clear governance structure, escalation protocols, and internal and external communication strategies. It categorizes potential events by severity and defines appropriate countermeasures for each scenario. The CFP ensures the Company can continue meeting its obligations under both institution specific and market-wide liquidity disruptions.

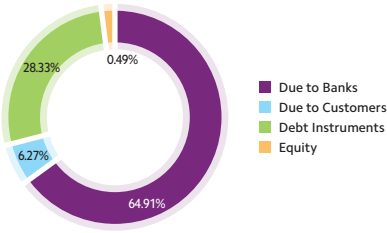
## Liquidity Gap

Liquidity Gap Management is a key component of the Company's liquidity risk framework. The Company continuously monitors mismatches between the maturities of assets and liabilities through a detailed Maturity Gap Statement. The Asset and Liability Committee (ALCO) reviews this monthly to assess liquidity and solvency exposures, ensuring that funding needs are met across all time buckets and that financial resilience is maintained.

Funding Mix - 2024/25



Funding Mix - 2023/24



Maturity Gap as at 31.03.2025 (Rs. Mn)



Maturity Gap as at 31.03.2024 (Rs. Mn)



### Liquidity Stress Testing

Liquidity stress testing is an essential component of the Company's liquidity risk management framework. It is used to assess the Company's ability to withstand unexpected liquidity shocks arising from severe but plausible stress events.

These tests simulate adverse conditions to evaluate shortterm liquidity resilience and determine the adequacy of liquid asset buffers. The Board Integrated Risk Management Committee (BIRMC) reviews the outcomes of these tests to support proactive decision-making and ensure preparation for potential disruptions. During the year, the Company conducted liquidity stress tests based on a range of hypothetical scenarios to evaluate its response capabilities and safeguard financial stability.

### Unexpected Fall in Deposit Base

Liquid Asset Ratio (AFPLC) - 15.77% (Regulatory Liquid Assets to Total Assets-14.08%)			
Scenario	Magnitude of the Shock (Fall in Deposit Base)	Stress Adjusted Liquid Asset Ratio (%)	Stress Adjusted Liquid Asset Ratio after adjusting Contingent Funds
1	5%	11.34%	13.29%
2	7.5%	8.94%	10.95%
3	10%	6.42%	8.48%

### Unexpected Withdrawal of Deposits by Top Customers

Liquid Asset Ratio (AFPLC) - 15.77% (Regulatory Liquid Assets to Total Assets-14.08%)			
Scenario	Magnitude of the Shock (Withdrawal by top Customers)	Stress Adjusted Liquid Asset Ratio (%)	Stress Adjusted Liquid Asset Ratio after adjusting Contingent Funds
1	Top 5	-2.33%	-0.08%
2	Top 10	-9.69%	-7.28%
3	Top 20	-19.49%	-16.86%

### Unexpected Fall in the Deposit Renewal Ratio (Over Next 6 Months)

Liquid Asset Ratio (AFPLC) - 15.77% (Regulatory Liquid Assets to Total Assets-14.08%)			
Scenario	Magnitude of the Shock (Fall in Renewal Ratio)	Stress Adjusted Liquid Assets Ratio(%)	Stress Adjusted Liquid Asset Ratio after adjusting Contingent Funds(%)
1	75%	5.63%	7.71%
2	50%	-7.30%	-4.94%
3	5%	-24.34%	-21.60%

### Market Risk

Represents the potential for financial loss arising from unfavorable movements in key market variables such as interest rates and collateral valuations. For Abans Finance PLC, market risk is primarily associated with interest rate fluctuations and asset-backed securities, particularly vehicle-related collateral.

The Company adopts a proactive and structured approach to market risk management under the oversight of the Management Committee, in line with its Board-approved risk management policies. This includes:

- Continuous monitoring of exposure levels,
- Scenario-based assessments to anticipate the impact of market volatility,
- Evaluation of interest rate sensitivity, and
- Valuation trend analysis for key asset classes.

The Management Committee plays a critical role in ensuring that risk exposures are well within the Company's defined risk appetite and remain aligned with strategic objectives. Regular reviews of collateral values, especially for motorbikes and three-wheelers— are carried out to address potential market devaluation, reflecting the Company's asset-focused business model.

## Risk Management Report (Contd.)

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Given the volatility in the domestic market and shifts in regulatory guidelines, the Company maintains a prudent posture in managing liquidity and capital buffers. These safeguards are intended to absorb shocks from sudden market changes while supporting continued business sustainability.

Through a robust governance structure and responsive market risk strategies, Abans Finance PLC aims to uphold financial resilience, safeguard profitability, and protect stakeholder interests under diverse economic conditions.

### Technology Risk

Technology Risk refers to the potential for operational disruption, data compromise, financial loss, or reputational damage resulting from inadequacies or failures in IT systems, cybersecurity controls, or digital processes.

As a digitally enabled financial institution, Abans Finance PLC considers robust technology governance and cybersecurity to be critical pillars of operational resilience. To strengthen its technology risk oversight, the Company appointed a Chief Information Security Officer (CISO) and an Information Security Officer during the financial year 2024/25.

These roles are mandated by establishing and maintaining the Company's information security strategy and framework. Both officers report to the Board IT Steering Committee, with relevant risk-related escalations channeled by the Board Integrated Risk Management Committee (BIRMC).

Key technology risk initiatives undertaken during the year included:

- Enhancing internal dashboards and reporting tools to improve visibility and responsiveness across key functions,
- Initiating the core system modernization project to align with future business scalability and improve operational integrity,
- Conducting periodic vulnerability assessments, penetration testing, and employee cyber awareness training to mitigate exposure to emerging threats.

These initiatives are carried out in alignment with regulatory expectations, including the Technology Risk Management and Resilience Direction No. 01 of 2022 issued by the Central Bank of Sri Lanka.

Through a combination of leadership, governance, and proactive risk management, Abans Finance PLC remains committed to safeguarding its information assets, supporting innovation, and delivering uninterrupted digital services to its customers.

### Reputational Risk

Reputational Risk has the potential for negative public perception regardless of its accuracy to adversely impact the Company's operations, customer base, revenue, or stakeholder confidence. It may also result in costly litigation or damage-control measures. This risk often stems from concerns related to ethics, service quality, regulatory compliance, or business practices.

At Abans Finance PLC, reputational risk is recognized as a critical area of enterprise risk management. It is addressed through Company-wide adherence to governance standards, internal controls, and risk management protocols.

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All Directors, Officers, and Employees share the responsibility of upholding the Company's reputation by conducting their duties with professionalism, integrity, and accountability, in line with established business conduct guidelines.

By fostering a culture of ethical behavior and responsible decision-making, Abans Finance PLC remains committed to preserving stakeholder trust and sustaining its reputation in the financial services sector.

### **Compliance Risk**

Compliance Risk is the possibility of legal or regulatory sanctions, financial loss, or reputational damage resulting from non-adherence to applicable laws, regulations, and standards.

At Abans Finance PLC, compliance is integral to corporate governance and ethical conduct. The Company maintains a robust compliance framework to ensure full alignment with directives issued by the Central Bank of Sri Lanka, Colombo Stock Exchange, and other statutory authorities.

The Compliance Officer functions independently and reports directly to the Board Integrated Risk Management Committee (BIRMC). Key responsibilities include regulatory surveillance, internal compliance monitoring, reporting of potential breaches, and staff training to foster a compliance-driven culture.

During the financial year 2024/25, Abans Finance PLC further enhanced its compliance oversight by strengthening internal controls and aligning with evolving regulatory frameworks, including the Technology Risk Management and Resilience Direction No. 01 of 2022. These actions support the Company's ongoing commitment to transparency, accountability, and regulatory excellence.

Through diligent oversight and continuous improvement, the Company remains focused on mitigating compliance risk and sustaining long-term stakeholder confidence.



# Report of The Board of Directors

## General

The Board of Directors of Abans Finance PLC have the pleasure of presenting its Annual Report together with the Audited Financial Statements for the year ended 31 March 2025 and the Independent Auditor's Report on those Financial Statements in compliance with the requirements of the Companies Act No. 7 of 2007 and the Finance Business Act No. 42 of 2011 and the directions issued there under. The Company was incorporated as a limited Company in terms of the Companies Act No. 17 of 1982 and was subsequently re-registered under the Companies Act No. 7 of 2007 on 15th June 2009. The Company registration No. is PB-1015-PQ. Total issued shares of the Company amount to 73,693,171 shares as at date which are listed on the Colombo Stock Exchange. The Registered Office is at No. 498, Galle Road, Colombo 03 and the Head Office / principal place of business is located at No. 456, R. A. De Mel Mawatha, Colombo 03.

## Principal Activities

The principal business activity of the Company is the conduct of finance business as defined in the Finance Business Act No. 42 of 2011 and includes the acceptance of Deposits, Finance Leasing, Hire Purchase, Mortgage Loans, Personal Loans & Real Estate and Capital Market Operations.

## Review of Performance for 2024/2025

The Chairman's Message and Acting Chief Executive Officer's Review along with the Management Discussion and Analysis highlight the financial performance, financial position and the state of affairs of the Company during the year under review.

## Financial Statements

The Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs) comprising accounting standards prefixed SLFRS and LKAS, Statements of Recommended Practice (SoRPs), Statements of Alternative Treatments (SoATs), Interpretations adopted by the Council of the Institute of Chartered Accountants of Sri Lanka, and Financial reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka and are in compliance with the requirements of the Companies Act. The Financial Statements are duly certified by the Chief Financial

Officer, recommended by the management, reviewed by the Audit Committee, approved by the Board of Directors and signed on behalf of the Board by two directors of the Company in accordance with the Companies Act No. 7 of 2007.

## Directors' Responsibility for Financial Reporting

The Statement of the Directors' Responsibilities for Financial Statements is given on page 145.

## Independent auditor's Report

The Auditors of the company are M/s KPMG, Chartered Accountants. M/s KPMG carried out the audit of the Financial Statements for the year ended 31st March 2025 and their report as required by Section 168 (1) (c) of the Companies Act is provided together with the Audited Financial Statements.

## Significant Accounting Policies and Changes During the Year

The significant accounting policies adopted in the preparation of the Financial Statements are disclosed in the Audited Financial Statements.

## Going Concern

The Board of Directors has reasonable expectation that the Company has adequate resources to continue the business activities in the foreseeable future. Therefore, the Company has adopted a "Going Concern" basis in preparing its Financial Statements.

## Accounting Period

The financial reporting period reflects the information from 01 April 2024 to 31 March 2025.

## Financial Performance

The Company's Profit before Taxation amounted to Rs. 703,627,666/- (after deducting Value Added Tax on Financial Services of Rs. 247,738,710/- in comparison to Profit before Taxation amount into Rs. 109,412,841/- (Value Added Tax on Financial Services of Rs. 104,635,017/-) in 2023/2024. The Profit after Tax for the year 2024/25 amounted to Rs. 425,755,623/- (Rs. 104,338,050/- in 2023/2024) after deducting Rs. 277,872,043/- (Rs. 5,074,791/- in 2023/2024) for

Taxation. This represents remarkable increase in net profit by 308% compared to the previous financial year. Details are given in the Statement of Comprehensive Income on page 156 of the Financial Statements.

### Profit Appropriations

A summary of the financial results of the Company for the year ended 31 March 2025 and 31 March 2024 are given below;

Description	2024/2025 (Rs)	2023/2024 (Rs)
Profit before Taxation from Operations	703,627,666	109,412,841
Provision for Income Tax	(277,872,043)	(5,074,791)
Profit for the Year	425,755,623	104,338,050
Transfer to Statutory Reserve Fund	(21,287,781)	(5,216,903)
Retained Profit Brought Forward From the Previous Year	912,324,112	535,358,397
Other Comprehensive Income Net of Tax	(2,410,831)	4,816,975
Regulatory Loss Allowances Reserve	48,442,231	480,490,707
Retained Earnings Carried Forward	1,741,428,100	912,324,112

### Total Operating Income

The Total Operating Income of the Company for 2024/2025 was Rs.2,481,212,625/- compared to Rs.1,438,951,266/- in 2023/2024. An analysis of

the Income is given on page 156 of the Financial Statements.

### Property, Plant and Equipment

Capital Expenditure incurred on Property, Plant Equipment amounted to Rs. 39,089,551/- in 2024/2025(Rs. 37,578,847/- in 2023/2024). Details applicable to Capita Expenditure are given in Note 28.5 to the Financial statements.

### Equity And Reserves

The stated capital and reserves were Rs. 3,502,463,220/- as at 31 March 2025 (Rs 3,079,118,428/- as at 31 March 2024).The Equity and Reserves of the Company as at the end of each of the following years were follows;

Description	2024/2025 (Rs)	2023/2024 (Rs)
Stated Capital *	1,321,097,699	1,321,097,699
Statutory Reserve	321,427,006	300,139,225
Revaluation Reserve	70,068,185	65,066,685
Retained Earnings	1,741,428,100	912,324,112
Regulatory Loss Allowances Reserve	48,442,231	480,490,707
<b>Total Shareholders' Funds</b>	<b>3,502,463,220</b>	<b>3,079,118,428</b>

### Board Of Directors

In terms of the Articles of Association of the Company, the Board of Directors, as at 31 March 2025 consisted of Seven Directors including the Chairman. The list of Directors who held office as at the end of the financial year is as follows.

Name of the Director	Independent / Non-Independent	Executive/Non-Executive
Mr. K.J.C Perera (Appointed w.e.f 19th February 2021)	Independent	Non-Executive
Mr. H.C. Embuldeniya (Appointed w.e.f 13th March 2020)	Non-Independent	Non-Executive
Mr. Thulci Aluwihare (Appointed w.e.f 17th December 2020)	Independent	Non-Executive
Mrs. D.S Ratnayake (Resigned from Board w.e.f 08th July 2025)	Independent	Non-Executive
Mr. Pasan Thaminda Wanigasekara (Appointed w.e.f 4th October 2024)	Independent	Non-Executive
Ms. Sharini Kulasinghe (Appointed w.e.f 11th December 2024)	Independent	Non-Executive
Mr. Danushka De Silva (Appointed w.e.f 24th February 2025)	Non-Independent	Non-Executive

## Report of The Board of Directors (Contd.)

- Mr. R. Pestonjee has resigned from the Board w.e.f 05th November 2024.
- Mr. Sanjaya Bandara resigned w.e.f. 31st December 2024.
- Mr. Aruna Perera was appointed w.e.f. 04th October 2024 and resigned from the board w.e.f. 10th March 2025.
- Mrs. D.S. Ratnayake was resigned from the board w.e.f 08th July 2025.
- Mr. Yudhishtan Kanagasabai as appointed to the board w.e.f 30th May 2025.

### Re – Election of Directors

Mr. Pasan Thaminda Wanigasekara, Ms. Sharini Kulasinghe, Mr. Danushka De Silva and Mr. Yudhishtan Kanagasabai shall be re-elected as Directors of the Company at the Annual General Meeting to be held on 29th September 2025 in terms of Article 26(05) of the Articles of Association of the Company.

### Meetings of the Board of Directors and Board Sub Committees

Details of Directors' meetings and Board Sub Committee meetings are given in the Corporate Governance Report.

### Board Audit Committee (BAC)

All members of the Audit Committee are Independent Non -Exec -utive Directors. The Chief Executive Officer, Senior Management, Internal and External Auditors attend the meeting by invitation as and when required.

- \* Mr. Yudy Kanagasabai – Chairman (Independent Non-Executive Director) – Appointed w.e.f w.e.f. 12th June 2025.
- \* Mr. K J C Perera (Independent Non-Executive Director)
- \* Mr. Thulci Aluwihare (Independent Non-Executive Director)
- \* Mr. P.T Wanigasekara (Independent Non-Executive Director)

### Human Resource and Remuneration Committee (HRRC)

- \* Mr. Thulci Aluwihare – Chairman (Independent Non-Executive Director)
- \* Mr. K.J.C. Perera (Independent Non-Executive Director)
- \* Mr. Hiran Embuldeniya (Non-Independent Non-Executive Director)

### Nomination and Governance Committee (NGC)

- \* Mr. P. T. Wanigasekara – Chairman (Independent Non-Executive Director)
- \* Mr. K.J.C. Perera (Independent Non-Executive Director)
- \* Mr. Thulci Aluwihare (Independent Non-Executive Director)
- \* Mr. Hiran Embuldeniya (Non Independent Non Executive Director ) – Appointed w.e.f. 12th June 2025.

### Related Party Transactions Review Committee (RPTRC)

- \* Mr. Yudy Kanagasabai – Chairman (Independent Non-Executive Director) – Appointed w.e.f 12th June 2025.
- \* Mr. K.J.C Perera (Independent Non-Executive Director)
- \* Mr. Thulci Aluwihare (Independent Non-Executive Director)

### Board Integrated Risk Management Committee (BIRMC)

- \* Ms. S.C Kulasinghe – Chairman (Independent Non-Executive Director)
- \* Mr. K.J.C Perera (Independent Non-Executive Director)
- \* Mr. Thulci Aluwihare (Independent Non-Executive Director)
- \* Mr. P.T Wanigasekara (Independent Non-Executive Director)

### Board Level Information Security Committee

Board Level Information Security Committee was formed in terms of Section 4.1.d under Technology Risk and Governance Oversight on Directions No 01 of 2022(Tech- nology Risk Management and Resilience) of Central Bank of Sri Lanka .

The Committee was formed w.e.f.26th February 2024 and Mr. S.M.S.S. Bandara was serves as the initial chairman till his resignation from the board w.e.f 31st December 2024.The composition of the committee as follows.

- \* Mr. P.T. Wanigasekara – Chairman (Independent Non-Executive Director)-appointed 28th October 2024.
- \* Mr. K.J.C Perera – (Independent Non-Executive Director) - appointed w.e.f 26th February 2024.
- \* Mr. Thulci Aluwihare (Independent Non-Executive Director)

### Disclosure of Directors Interests in Shares

Directors	As at 31-03-2025 (Rs)	As at 31-03-2024 (Rs)
Mr. K.J.C Perera	Nil	Nil
Mr. H C Embuldeniya	Nil	Nil
Mr. Thulci Aluwihare	Nil	Nil
Mrs. D.S Ratnayake	Nil	Nil
Mr. P.T Wanigasekara	Nil	Nil
Ms. S.C Kulasinghe	Nil	Nil
Mr. S.D.I De Silva	Nil	Nil

### Directors' Interests in Contracts and Related Party Transactions

The Directors' interests in contracts, if any, that could be classified as related party transactions in terms of the Sri Lanka Accounting Standard LKAS 24, are disclosed in Note 47 to the Audited Financial Statements.

Recurrent Related Party Transactions which exceed 10% of the gross revenue require disclosure as per Rule 9.3.2 of the Listing Rules of the Colombo Stock Exchange. As required, we tabulate below the relevant.

### Recurrent Transactions with Abans PLC:

Name of the Related Party	Abans PLC
Relationship	Affiliate Company
Nature of Transaction	Collection made on behalf of Abans Finance and granting payroll management services
Aggregate value & % of Related Party Transactions entered into during the year : Collection Made for AFPLC :	LKR 502,186,038
% from total collection	4.56%
Aggregate value & % of Related Party Transactions entered into during the year : Interest Income of Collection :	LKR 181,294,583
% from total income	5.98%
Terms and Conditions of the Related Party	Usual Terms available to the general public

### Recurrent Transactions with Abans Auto (Private) Limited

Name of the Related Party	Abans Auto (Pvt.) Ltd.
Relationship	Affiliate Company
Nature of Transaction	Purchase of Motorcycles for Finance Leases
Aggregate value of Related Party Transactions entered into during the financial year	LKR 895,286,619/-
Aggregate value of Related Party Transactions as a % of Total Loan Disbursements for the period	10.68%
Terms and Conditions of the Related Party Transactions	Usual Terms available to the general public

### Related Party Transactions

Transactions of related parties with the Company (as defined in LKAS 24 Related Party Disclosures) are set out in Note 47 to the Financial Statements.

The Board of Directors confirm that that it has taken all measures necessary to ensure compliance with section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the year ended 31st March 2025.

## Report of The Board of Directors (Contd.)

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### Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all material statutory payments due to the Government, other Regulatory Institutions and related to the employees have been made. The Board of Directors has assessed the status pertaining to statutory payments at the Board meetings for which regular Board Papers have been submitted by the Key Management Personnel.

### Appointment of Auditors

The financial statements for the year ended 31st March 2025 have been audited by Messrs KPMG, Chartered Accountants.

Total audit fees paid to Messrs. KPMG by the Company is disclosed in Note 12 to the Financial Statements.

The company had not obtained any service from Messrs. KPMG other than audit after appointing the auditor on AGM held on 29th September 2025.

As far as the Board of Directors is aware, Messrs. KPMG the Auditors did not have any relationship (other than that of an Auditor) with the Company. Messrs. KPMG the Auditors also did not have any interest in the Company.

### Internal Control on Financial Reporting

The financial reporting system of the Company has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements has been done in accordance with relevant accounting principles.

The Board has issued a Statement on the Internal Controls for Financial Reporting and an Assurance Report from External Auditors in terms of the Corporate Governance Direction No. 5 of 2021 has been obtained.

### Corporate Governance

The report on Corporate Governance covers the extent of compliance in Corporate Governance.

### Outstanding Litigation

The Directors are of the opinion that pending litigation against the company will not have any material impact on the financial position of the Company.

### Events Occurring after the Reporting Period

No circumstances have arisen after the reporting period which require adjustments to or disclosures in the Financial Statements.

### Donations

No Donations were made by the Company during the year.

### Notice of the Annual General Meeting

The Nineteenth Annual General Meeting of the Company will be held by way of Electronic means on 29th September 2025 at 10.00 am. as a fully virtual meeting.

For and on behalf of the Board of Directors,



**K. J. Cecil Perera**  
Director



**Thulci Aluwihare**  
Director



**Varners International (Pvt) Ltd.**  
Company Secretary

19th August 2025

## Directors' Responsibility for Financial Reporting

Section 150 of companies Act No. 7 of 2007 requires the board of directors of the company to ensure that within six months or within such extended period as may be determined by the Registrar General of Companies after the balance sheet date of the company, financial statements that comply with the requirements of Section 151 are:

- a) completed in relation to the company and;
- b) certified by the person responsible for the preparation of the financial statements that it is in compliance with the requirements of that Act; and
- c) dated and signed on behalf of the board by two directors of the company.

Section 151 of the Companies Act states that financial statements of a company shall give a true and fair view of ;

- a) the state of affairs of the company as at the balance sheet date; and
- b) the profit or loss or income and expenditure, as the case may be, of the company for the accounting period ending on that balance sheet date.

It also states that the financial statements of the company shall comply with;

- a) any regulations made under the Companies Act which specifies the form and content of financial statements ; and
- b) any requirements which apply to the company's financial statements under any other law.

Section 06 of the Accounting and Auditing Standards Act No. 15 of 1995 require the company to prepare its accounts in compliance with Sri Lanka Accounting and Auditing Standards and take all necessary measures to ensure that its accounts are audited in accordance with Sri Lanka Auditing Standards with object of presenting a true and fair view of the financial performance and financial condition of the company.

Section 148 of the Companies Act requires the company to keep accounting records which correctly record and explain the company's transactions, and will;

- a) at any time enable the financial positions of the company to be determined with reasonable accuracy ;
- b) enable the directors to prepare financial statements in accordance with this Act; and
- c) enable the financial statements of the company to be readily and properly audited.

The relevant section also states that the accounting records shall contain ;

- a) entries of money received and expended each day by the company and the matters in respect of which such money was spent;
- b) a record of the assets and liabilities of the company;
- c) if the company's business involves dealing in goods
  - i. a record of goods bought and sold, except good sold for cash in the ordinary course of carrying on retail business that identifies both the goods and buyers and sellers and relevant invoices;
  - ii. a record of stock held at the end of the financial year together with records of any stock taking during the year;
- d) if the company's business involves providing services, a record of services provided and relevant invoices.

Section 189 of the Companies Act states that a person exercising powers or performing duties as a director of a company;

- a) shall not act in a manner which is reckless or grossly negligent; and
- b) shall exercise the degree of skill and care that may reasonably be expected of a person of his knowledge and experience.

## Directors' Responsibility for Financial Reporting (Contd.)

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Section 190 (1) of the Companies Act states the subject to the provisions of subsection (2), a director of company may rely on reports, statements, and financial data and other information prepared or supplied, and on professional or expert advice given by any of the following persons;

- a) and employee of the company;
- b) a professional advisor or expert in relation to matters which the director believes to be within the person's professional or expert competence;
- c) any other director or committee of directors in which the director did not serve, in relation to matters within the directors or committee's designated authority.

Section 190 (2) states that provisions of subsection (1) shall apply to a director, if, and only if, the director ;

- a) acts in good faith;
- b) makes proper inquiry where the need for inquiry is indicated by the circumstances; and
- c) has no knowledge that such reliance is unwarranted.

The Board of Directors of the company is of the view that the Board has discharged its responsibilities accordingly.



**K. J. Cecil Perera**

Chairman

19th August 2025

# Assurance Report on the Director's Statement on Internal Control



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
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## THE BOARD OF DIRECTORS OF ABANS FINANCE PLC

### Report on the Directors' Statement on Internal Control

We were engaged by the Board of Directors of Abans Finance PLC ("the Company") to provide assurance on the Director's Statement on Internal Control Over Financial Reporting ("the Statement") included in the Annual Report for the year ended 31 March 2025.

### 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

We 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.

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C. P. Jayatilake FCA  
Ms. S. Joseph FCA  
R.M.D.B. Rajapaksa FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

T. J. S. Rajskarier FCA  
W. K. D. C. Abeyaratne FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
R. G. H. Radcliffe ACA

W. W. J. C. Perera FCA  
G. A. U. Karunaratne FCA  
R. H. Rajan FCA  
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R.Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D. Corea Dharmaratne



# Assurance Report on the Director's Statement on Internal Control (Contd.)



- (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 Director's 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.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Licensed Finance Company, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion

### Our conclusion

Based on the procedures performed, (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 pages 149 to 150 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  
25th August 2025

# Directors' Statement on Internal Control Directors' Statement on Internal Control Over Financial Reporting

The Board of Directors ("Board") of Abans Finance PLC presents this report on Internal Control over Financial Reporting, in compliance with Section 16 (1) (ix) of the Finance Business Act Direction No. 05 of 2021 – Corporate Governance.

This statement describes the Company's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting.

The Board is responsible for the implementation of an adequate and effective internal control mechanism and the continuous reviewing of its design and effectiveness. An ongoing process has been established within the Company to identify, evaluate and manage the significant risks faced by the Company which is inclusive of enhancing the system of Internal Controls over Financial Reporting as and when there are changes to the business environment or regulatory guidelines. These processes are regularly reviewed by the Board and Board - appointed sub committees.

Board's policies and procedures pertaining to internal control over financial reporting, have been documented. The implementation of such policies and procedures is carried out with the assistance of the management. In assessing the Internal Control System Over Financial Reporting, identified officers of the Company collated all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Company. These in turn are being observed and checked by the Internal Audit Department of the Company for suitability of design and effectiveness on an on-going basis.

## Key Internal Control Processes

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

- Establishment of various Committees of Board to assist the Board with a view of ensuring the effectiveness of the Company's daily operations and such operations conform to Company's corporate objectives, strategies and the annual budget as well as 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 and highlights significant findings in respect of any non-compliance. All departments and branches are subjected to audits, the frequency of which is determined by the level of risk assessed by the internal audit, to provide an independent and objective report on operational and management activities of these departments and branches. The Internal Audit Department submits the Annual Audit Plan for review and approval of the Board Audit Committee and the findings of the audits are submitted to the Audit Committee for review at their periodic meetings.
- The Board Audit Committee of the Company reviews internal control issues identified by the Internal Audit Department, the External Auditors, Regulatory Authorities, and the Management; and evaluates the adequacy and effectiveness of the risk management and internal control systems. It also reviews the internal audit function with particular emphasis on the scope of audits and quality of the same. Further details of the activities undertaken by the Board Audit Committee of the Company are set out in the Audit Committee Report.
- To assess the internal control systems, all procedures and controls which are connected with significant accounts and disclosures of the Financial Statements of the Company are being continuously reviewed and updated by identified officers of the Company. The Internal Audit Department verifies the suitability of design and effectiveness of such procedures and controls, on an ongoing basis.
- The observations made by the External Auditors in connection with the internal control system during the financial year 2024/2025 will be taken into consideration and appropriate steps will be taken to address them as appropriate during the ensuing year.

## Directors' Statement on Internal Control Directors' Statement on Internal Control Over Financial Reporting (Contd.)

Company adopted SLFRS 9, the new Sri Lanka Accounting Standards on Financial Instruments with effect from 01 April, 2018. Continuous monitoring is being carried out and steps are being taken to make improvements to the processes where required, to enhance effectiveness and efficiency. In addition, required enhancements in controlling process are being carried out in respect of Management Information System and its reports. The Board will continuously strengthen the processes required for validation and compliance with SLFRS 9.

### Confirmation

Based on the above processes, the Board of Directors confirms 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 Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka and the Colombo Stock Exchange.

### Review of the Statement by External Auditors

The external auditors, KPMG, have reviewed the above Directors' Statement on Internal Control over financial reporting for the year ended 31 March 2025 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control system of the Company.

### Statement on Prudential Requirements, Regulations and Laws

There were no instances of non-compliance with prudential requirements, regulations and laws and was no material non-compliance with internal control.

There was no supervisory concern on lapses in the Company's Risk Management Systems or non-compliance with the Act, and rules and directions which led to them being pointed out by the Director of Non-Bank Supervision of the Central Bank of Sri Lanka and which have caused the Monetary Board to give directions that they be disclosed to the public.

By order of the Board,



**K. J. Cecil Perera**  
Chairman



**Thulci Aluwihare**  
Director



**Yudy Kanagasabai**  
Chairman – Audit Committee

19th August 2025

# Independent Auditors’ Report to the Shareholders of Abans Finance PLC



KPMG  
(Chartered Accountants)  
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## Report on the audit of the financial statements

### Our Opinion

We have audited the financial statements of Abans Finance PLC (“the Company”), which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the

Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

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C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

T.J.S. Rajakarier FCA  
W.K.D.C. Abeyratne FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
R.W.M.O.W.D.B. Rathnadiwakara FCA

W.W.J.C. Perera FCA  
G.A.U. Karunaratne FCA  
R.H. Rajan FCA  
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law; H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D Corea Dharmaratne

# Independent Auditors' Report to the Shareholders of Abans Finance PLC (Contd.)



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

Refer to note 19 & 20 to these Financial Statements.

Risk Description	Our response
<p>As at 31 March 2025, 82% of its total assets of the Company consisted of loans and advances and finance lease receivables amounting to Rs. 11 Bn. Higher degree of complexity and judgement are involved in estimating Expected Credit loss (ECL) amounting to Rs. 1.3 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. Management exercise significant judgement when evaluating the economic scenarios used and the judgmental post model adjustments. The Company's criteria selected to identify a SICR are key areas of judgement within the Company's ECL methodology as these criteria determine if a forward-looking 12 month or lifetime allowance is recorded.</p> <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>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• Assessing the adequacy of the appropriateness of related disclosures in the financial statements using our understanding obtained from our testing and against the requirements of Sri Lanka Accounting Standards.</li> </ul>



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. The 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"><li>• 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.</li><li>• 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.</li><li>• 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.</li><li>• 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.</li><li>• On sample basis, re-performed selected automated computations and compared our results with those from the system and the general Ledger.</li><li>• 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.</li><li>• Testing preventative controls designed to enforce segregation of duties between users within particular systems.</li></ul>

# Independent Auditors' Report to the Shareholders of Abans Finance PLC (Contd.)



## Other matter

The financial statements of the Company as at and for the year ended 31 March 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 12 June 2024.

## 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 auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

#### **Report on Other Legal and Regulatory Requirements**

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

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

**CHARTERED ACCOUNTANTS**

Colombo, Sri Lanka

05 June 2025



# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March	Notes	2025 Rs.	2024 Rs.
Income	5	3,457,209,812	2,863,207,931
Interest Income	5.1	3,032,532,615	2,606,301,957
Interest Expense	5.2	(941,158,915)	(1,393,853,695)
<b>Net Interest Income</b>		<b>2,091,373,700</b>	<b>1,212,448,262</b>
Fee and Commission Income	6.1	350,540,958	208,700,499
Fee and Commission Expense	6.2	(34,838,272)	(30,402,970)
<b>Net Fee and Commission Income</b>		<b>315,702,686</b>	<b>178,297,529</b>
Net Gain/(Loss) from Trading	7	39,151,386	31,415,061
Other Operating Income (net)	8	34,984,853	16,790,414
<b>Total Operating Income</b>		<b>2,481,212,625</b>	<b>1,438,951,266</b>
Credit Loss Expense on Financial Assets	9	(408,337,325)	(382,424,952)
<b>Net Operating Income</b>		<b>2,072,875,300</b>	<b>1,056,526,314</b>
<b>Operating Expenses</b>			
Personnel Costs	10	(569,215,317)	(383,236,706)
Depreciation & Amortization	11	(80,117,199)	(74,662,134)
Other Operating Expenses	12	(472,176,408)	(384,579,616)
<b>Operating Profit before Taxes on Financial Services</b>		<b>951,366,376</b>	<b>214,047,858</b>
Taxes on Financial Services	13	(247,738,710)	(104,635,017)
<b>Profit before Taxation from Operations</b>		<b>703,627,666</b>	<b>109,412,841</b>
Provision for Income Taxation	14.1	(277,872,043)	(5,074,791)
<b>Profit for the Year</b>		<b>425,755,623</b>	<b>104,338,050</b>
<b>Other Comprehensive Income (OCI)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial Gains/(Losses) on Defined Benefit Plan	36.1	(10,589,044)	3,468,893
Deferred Tax Effect on Actuarial Gains/(Losses)	14.1	3,176,713	(1,040,668)
		<b>(7,412,331)</b>	<b>2,428,225</b>
<b>Items that will be reclassified to profit or loss</b>			
Surplus from Revaluation of Property, Plant & Equipment	28.1	7,145,000	3,412,500
Deferred Tax Effect on Revaluation of Property, Plant & Equipment	14.1	(2,143,500)	(1,023,750)
		<b>5,001,500</b>	<b>2,388,750</b>
<b>Other Comprehensive (Loss) /Profit for the Year, Net of Tax</b>		<b>(2,410,831)</b>	<b>4,816,975</b>
<b>Total Comprehensive Income for the Year</b>		<b>423,344,792</b>	<b>109,155,025</b>
<b>Earnings Per Share : Basic / Diluted (Rs.)</b>	15.1	<b>5.78</b>	<b>1.42</b>

Accounting Policies and Notes from pages 160 to 234 form an integral part of these Financial Statements.

# Statement of Financial Position

As at 31 March	Notes	2025 Rs.	2024 Rs.
<b>Assets</b>			
Cash and Bank Balances	16	315,577,083	160,835,567
Placement With Banks	17	469,476,605	1,266,431,226
Repurchase Agreements	18	4,403,264	315,294,233
Loans and Advances	19	1,272,403,552	915,609,768
Lease Rentals Receivable & Stock out on Hire	20	9,797,524,125	6,775,412,023
Financial Investments at Fair Value through P&L	21	317,071,437	591,848,876
Equity Instruments at Fair Value through OCI	22	80,400	80,400
Debt Instruments at Amortised Cost	23	631,753,297	430,455,264
Other Financial Assets	24	142,823,271	97,810,135
Real Estate Stock	25	39,483,688	40,273,387
Other Non Financial Assets	26	86,656,745	62,438,913
Intangible Assets	27	19,469,643	22,172,554
Property, Plant & Equipment	28	208,255,870	189,209,476
Right-of-use Assets	29	179,947,895	142,449,114
<b>Total assets</b>		<b>13,484,926,875</b>	<b>11,010,320,936</b>
<b>Liabilities</b>			
Due to Banks	31	4,664,275	48,270,764
Due to Customers	32	8,449,847,230	6,366,847,674
Other Borrowed Funds	33	150,362,272	615,027,140
Other Financial Liabilities	34	958,596,511	718,032,879
Other Non Financial Liabilities	35	94,622,412	64,773,615
Current Tax Liabilities		265,712,395	58,471,051
Deferred Tax Liabilities	30	-	18,494,556
Retirement Benefit Liability	36	58,658,560	41,284,829
<b>Total Liabilities</b>		<b>9,982,463,655</b>	<b>7,931,202,508</b>
<b>Shareholders' Funds</b>			
Stated Capital	37	1,321,097,699	1,321,097,699
Retained Earnings	38.1	1,741,428,100	912,324,112
Other Reserves	38.2	439,937,422	845,696,617
<b>Total Shareholders' Funds</b>		<b>3,502,463,220</b>	<b>3,079,118,428</b>
<b>Total Liabilities and Shareholders' Funds</b>		<b>13,484,926,875</b>	<b>11,010,320,936</b>

Accounting Policies and Notes from pages 160 to 234 form an integral part of these Financial Statements.

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



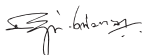
**B.G.P.Samantha**

Chief Financial Officer

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



**Director**



**Director**

27 May 2025

Colombo

## Statement of Changes in Equity

For the year ended 31 March	Stated Capital	Statutory Reserve	Revaluation Reserve	Regulatory Loss Allowance Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 31 March 2023	1,321,097,699	294,922,322	62,677,935	755,907,049	535,358,397	2,969,963,402
<b>Total Comprehensive Income For the Year</b>						
Net Profit for the year	-	-	-	-	104,338,050	104,338,050
Other Comprehensive Income net of tax	-	-	-	-	2,428,225	2,428,225
Transfer to Statutory Reserve Fund	-	5,216,903	-	-	(5,216,903)	-
Revaluation Gain From Land Revaluation	-	-	2,388,750	-	-	2,388,750
Transfer from Regulatory Risk Allowance Reserve	-	-	-	(275,416,342)	275,416,342	-
<b>Balance as at 31 March 2024</b>	<b>1,321,097,699</b>	<b>300,139,225</b>	<b>65,066,685</b>	<b>480,490,707</b>	<b>912,324,112</b>	<b>3,079,118,428</b>
<b>Total Comprehensive Income For the Year</b>						
Net Profit for the year	-	-	-	-	425,755,623	425,755,623
Other Comprehensive Income net of tax	-	-	-	-	(7,412,331)	(7,412,331)
Transfer from Statutory Reserve Fund	-	21,287,781	-	-	(21,287,781)	-
Revaluation Gain From Land Revaluation	-	-	5,001,500	-	-	5,001,500
Transfer from Regulatory Risk Allowance Reserve	-	-	-	(432,048,476)	432,048,476	-
<b>Balance as at 31 March 2025</b>	<b>1,321,097,699</b>	<b>321,427,006</b>	<b>70,068,185</b>	<b>48,442,231</b>	<b>1,741,428,100</b>	<b>3,502,463,220</b>

Accounting Policies and Notes from pages 160 to 234 form an integral part of these Financial Statements.

# Statement of Cash Flows

For the year ended 31 March	Notes	2025 Rs.	2024 Rs.
<b>Cash Flows From / (Used in) Operating Activities</b>			
Profit before Income Tax Expense		703,627,666	109,412,841
<b>Adjustments for</b>			
Depreciation	28.2	27,188,157	20,267,582
Amortization of Intangible Assets	27	7,253,603	5,982,869
Amortization of Right to use assets	29	45,675,440	48,411,683
Interest Expense on Borrowings	5.2	64,556,676	278,172,889
Interest Expense on Lease Liability	29.2	25,114,860	26,624,358
Loss/(Profit) on early termination of Lease Assets		(1,605,133)	-
Impairment charge/(reversal) for the year	9	408,337,325	382,424,951
Decrease / (Increase) in fair value of Real stock		789,700	-
Loss/(Profit) from Sale of Unit Trust	7	(38,922,821)	(31,235,541)
Provision/(Reversal) for Defined Benefit Plans	10	13,115,855	12,309,257
Dividend Received		(228,565)	(179,520)
<b>Operating Profit before Working Capital Changes</b>		<b>1,254,902,763</b>	<b>852,191,369</b>
(Increase)/Decrease in Real Estate Stock		-	(1,805,185)
(Increase)/Decrease in Loans and Advances		(395,180,916)	56,803,058
(Increase)/Decrease in Lease Rentals Receivable & Stock out on hire		(3,392,062,295)	919,734,450
(Increase)/Decrease in Other Financial Assets		(45,013,136)	(228,050,906)
(Increase)/Decrease in Other Non Financial Assets		(24,217,831)	25,777,083
Increase/(Decrease) in Amounts Due to Customers		2,082,999,556	990,233,782
Increase/(Decrease) in Other Financial Liabilities		196,325,559	153,385,151
Increase/(Decrease) in Other Non Financial Liabilities		29,848,796	4,883,165
<b>Cash Generated from / (Used in) Operations</b>		<b>(292,397,504)</b>	<b>2,773,151,968</b>
Interest Expense Paid		(185,598,309)	(464,547,312)
Retirement Benefit Liabilities Paid	36	(6,331,169)	(4,988,076)
Taxes Paid		(88,092,041)	(158,337,983)
Dividend Received		228,565	179,520
<b>Net Cash (Used in)/From Operating Activities</b>		<b>(572,190,458)</b>	<b>2,145,458,117</b>
<b>Cash Flows from / (Used in) Investing Activities</b>			
Acquisition of Property, Plant & Equipment	28.1	(39,089,551)	(37,578,847)
Acquisition of Intangible Assets	27	(4,550,692)	(5,028,464)
Cash Flow from /(Used in) Fixed Deposits		5,609,180	106,421,799
Sale/(Purchase) of Debt Instruments at Amortised Cost		160,929,897	(552,000,000)
<b>Net Cash Flows Generated from/(Used in) Investing Activities</b>		<b>122,898,833</b>	<b>(488,185,512)</b>
<b>Cash Flows from / (Used in) Financing Activities</b>			
Cash Inflow from Other Borrowings	33.2	-	225,000,000
Cash outflow from Other Borrowings	33.2	(368,738,095)	(1,403,246,210)
Lease Capital Paid	29.2	(37,331,015)	(36,322,288)
<b>Net Cash Flows from/(Used in) Financing Activities</b>		<b>(406,069,109)</b>	<b>(1,214,568,498)</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>(855,360,734)</b>	<b>442,704,107</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>		<b>2,119,034,029</b>	<b>1,676,329,922</b>
<b>Cash and Cash Equivalents at the end of the year</b>	18	<b>1,263,673,295</b>	<b>2,119,034,029</b>

Accounting Policies and Notes from pages 160 to 234 form an integral part of these Financial Statements.

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

### 1.1 General

Abans Finance PLC is domiciled, public limited liability company incorporated in Sri Lanka on 08 April 2005 under the Companies Act No. 17 of 1982, The Company was reregistered under the Companies Act No.7 of 2007 on 15 June 2009. It is a Licensed Finance Company registered under the Finance Business Act No.42 of 2011. The Company was listed on the Colombo Stock Exchange in 2011.

The registered office of the Company is located at No. 498, Galle Road, Colombo 03 and the principal place of business is situated at No. 456, R.A. De Mel Mawatha, Colombo 03.

### 1.2 Principal Activities and Nature of Operations

The Company provides a comprehensive range of financial services encompassing Acceptance of Fixed Deposits, Maintenance of saving Deposits, Providing Finance Leases, Hire Purchase, Mortgage Loans, Personal Loans and Other Credit Facilities.

### 1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent company is Abans PLC and the ultimate parent company is Abans International (Pvt) Limited which are incorporated in Sri Lanka.

### 1.4 Approval of Financial Statements by Directors

The Financial Statements of Abans Finance PLC for the year ended 31 March 2025 was authorized for issue in accordance with a resolution of the Board of Directors on 27 May 2025.

### 1.5 Directors' Responsibility Statement

The Board of Directors is responsible for the preparation and presentation of these Financial Statements as per the provisions of the Companies Act No.07 of 2007 and the Sri Lanka Accounting Standards comprising LKAs and SLFRSs (hereafter "SLFRS").

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Financial Statements of the Company (Statement of Financial Position and Statement of profit or loss and other Comprehensive Income, Statement of

Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes) as at 31 March 2025 are prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRSs and LKAs (hereafter referred as SLFRSs), as laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) further, these statements compliance with the requirements of the Companies Act No. 07 of 2007. The presentation of these Financial Statements is also in compliance with the requirements of Finance Business Act No 42 of 2011, Listing Rules of the Colombo Stock Exchange and the CBSL guidelines.

### 2.2 Basis of Measurement

The Financial Statements of the Company have been prepared on a historical cost basis, except for the following items in the Statement of Financial Position.

- Financial Assets at fair value through other comprehensive income at fair value (Note 22)
- Liabilities for defined benefit obligations are recognized at the present value of the defined benefit obligation (Note 36)
- Financial Assets at Fair value through Profit or Loss (FVPL) (Note 21)
- Freehold land, which is measured at cost at the time of acquisition subsequently, measured at revalued amounts, which are the fair values at the date of revaluation.

### 2.3 Functional and Presentation Currency

The Financial Statements of the Company are presented in Sri Lankan Rupees (Rs.), which is the currency of the primary economic environment in which Abans Finance PLC operates. The Financial information presented in Sri Lankan Rupees has been rounded to the nearest Rupee except where otherwise indicated as permitted by the Sri Lanka Accounting Standard LKAS 01 on "Presentation of Financial Statements". There was no change in the Company's presentation and functional currency during the year under review.

### 2.4 Presentation of Financial Statements

The assets and liabilities of the Company presented in the Statement 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 (noncurrent) is presented in Note 42.

## 2.5 Materiality and Aggregation

In compliance with LKAS 01 on Presentation of Financial Statements, each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately if they are material.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial position only when there is an enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Income Statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

## 2.6 Comparative Information

The comparative information is re-classified whenever necessary to confirm the current year's presentation.

- Dividend Income from Investing Activities reclassified to Operating Activities.

## 2.7 Statement of Cash Flow

The cash flow statement has been prepared by using the indirect method in accordance with the Sri Lanka Accounting Standard - LKAS 7 (Statement of Cash Flows), whereby operating, investing and financial activities have been separately recognized. Cash and cash equivalents comprise of 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. Cash and cash equivalents include cash in hand, balances with banks, placements with banks (less than 3 months), net of unfavourable bank balances and securities purchased under repurchase agreement (less than three months).

## 2.8 Events After the Reporting Date

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

No circumstances have arisen since the reporting date, which would require adjustments to, or disclosure in the financial statements, other than those disclosed in Note 46 to the Financial Statements.

## 2.9 Significant Accounting Judgements, Estimates and Assumptions

The preparation of Financial Statements requires the application of certain critical accounting and assumptions relative to the future. Further, it requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### a) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based these assumptions and estimates on parameters available at the time Financial Statements were prepared. Existing circumstances and assumptions about future developments, these may change due to market changes or circumstances arising beyond the control of the Company. Such changes are taken into consideration in the assumptions when they occur.

### I. Going Concern

The Directors have made an assessment of the company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, board is not aware of any material uncertainties

## Notes to the Financial Statements (Contd.)

that may cast significant doubt upon the company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

### II. Defined Benefit Plans

The cost of defined benefit pension plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and their long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date as disclosed in Note 36.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government Bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Company. The sensitivity of assumptions used in actuarial valuations are set out in Note 36.5 to the Financial Statements.

### III. Impairment losses on Loans and Advances (Finance Leases, Hire Purchases, Mortgage Loans, Revolving Loans and Business/ Personal Loans)

The measurement of impairment losses under SLFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates driven by a number of factors, changes which can result in different levels of allowances.

Accordingly, the Company reviews its individually significant loans and advances at each financial reporting date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgment was required in

the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates were based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics such as instrument type.

As per SLFRS 09, the Company's expected credit loss (ECL) calculations are output of complex models with a number of underlying assumptions regarding the choice of variable inputs and their independencies. The elements of the ECL models that are considered accounting judgements and estimates include.

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss (LTECL) basis and the qualitative assessment
- The segmentation of financial assets when their fair values when their ECL is assessed on a collective basis.
- Development of ECLs, models, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on probability of default (PDs), Exposure at default (EADs) and loss given default (LGDs).
- Selection of forward -looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It is the Company's policy to regularly review its models in the context of actual loss experience and adjust whenever necessary.

### IV. Fair Value of Financial Instruments

The determination of fair value of financial assets and financial liabilities recorded on the Statement of Financial Position for which there is no observable market price are determined using a variety of valuation techniques that include the use of

mathematical models. The valuation of financial instrument is described in Note 40 to the Financial Statements. The Company measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements. The fair value hierarchy is also given in Note 40.1 to the Financial Statements.

## **V. Financial Assets and Financial Liabilities Classification**

The Company's accounting policies provide scope for assets and liabilities to be classified, at inception, into different accounting categories. The classification of financial instruments is given in Note 40 "Analysis of Financial Instruments by Measurement Basis".

## **VI. Useful life of Property, Plant and Equipment and Intangible Assets**

The Company reviews the assets' residual values, useful lives and methods of depreciation and amortization of Property, Plant, Equipment and Intangible Assets at each reporting date. Judgment by the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

## **VII. Taxation**

The Company is subject to income tax and judgment is required to determine the total provision for current, deferred, and other taxes due to the uncertainties that exist with respect to the interpretation of the applicable tax laws, at the time of preparation of these Financial Statements.

The Company has adopted the requirements of the New Inland Revenue Act 24 of 2017 which was effective from 1 April 2018 and deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies.

Further, deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can

be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies.

## **VIII. Provisions, Commitments and Contingencies**

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 recognized in the Statement of Financial Position but are disclosed unless they are remote. Refer Note 43.2 for more details on Commitments and Contingencies.

## **IX. Revaluation of Free Hold Land (Property, Plant and Equipment)**

Prior to 31st March 2021, the Company's accounting policy was to measure Free Hold Land under the cost model in LKAS 16 Property, Plant and Equipment (LKAS 16) whereby, after initial recognition, free hold land was carried at its historical cost less accumulated impairment losses, if any.

At the period ended 31 March 2021 the Company changed its accounting policy to measure the Company's free hold land from a cost model to revaluation model, where free hold land is measured at fair value less accumulated impairment losses recognized after the date of revaluation ("revaluation model"), in accordance with LKAS 16. The Company determined that the land constitute separate class of property, plant and equipment, based on their nature, characteristics and risks. The Company engages an independent valuation specialist to determine the fair value of freehold land in terms of Sri Lanka Accounting Standard of Fair Value Measurement (SLFRS 13).3.

The Company believes that a revaluation model provides more relevant information to the users of its financial statements as it is aligned to accounting practices adopted by its parent. In addition, available valuation techniques provide reliable estimates of the free hold land fair value where, the results of the revaluation were brought into the Financial Statements ensures that the carrying amount of such freehold land reflects the market price prevailed at that time.



## Notes to the Financial Statements (Contd.)

### Revaluation Model

The Company applies the revaluation model to the entire class of freehold land. Such properties are carried at a revalue amount, being the fair value at the date of revaluation less any subsequent accumulated impairment losses.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

### 3. MATERIAL ACCOUNTING POLICIES

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

#### 3.1 Financial Instruments – Initial Recognition, Classification and Subsequent Measurement

##### 3.1.1 Date of Recognition

All financial assets and liabilities are initially recognised on the trade date. i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes "regular way trades". Regular way trade means purchases or sales of financial assets within the time frame generally established by regulation or convention in the marketplace.

##### 3.1.2 Initial measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their

fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVPL), transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for "Day 1 profit or loss", as described below.

##### 3.1.3 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 the Income Statement over the tenor of the financial instrument using effective interest rate method. 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 Income Statement when the inputs become observable, or when the instrument is derecognized.

##### 3.1.4 Measurement categories of Financial Assets and Financial Liabilities

As per SLFRS 9, the Company classifies all its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either; On initial recognition, a financial asset is classified as measured at,

- Amortised Cost,
- Fair Value Through Other Comprehensive Income (FVOCI) or
- Fair value Through Profit or Loss. (FVPL)

The subsequent measurement of financial assets depends on their classification.

Financial liabilities are measured at amortised cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

##### 3.1.4 (a) (i). Financial Assets at Amortised cost:

The Company only measures loans, receivables, and other financial investments, at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial Assets consist of cash and bank balances, securities purchased under repurchase agreements, placement with banks, lease rentals receivable & stock out on hire, loan receivables, and other financial assets.

The details of the above conditions are outlined below.

#### **Business model assessment**

The Company determines its business model at the level that best reflect how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as;

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's Key Management Personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is
- Based on the fair values of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account.

If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the

classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### **The Solely Payments of Principal and Interest (SPPI) test**

As a second step of its classification process, the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms of that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVP.

#### **3.1.4 (a) (ii) Equity instruments at FVOCI**

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of

## Notes to the Financial Statements (Contd.)

part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

### 3.1.4 (a) (iii) Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. The company does not have a compound financial instrument which contains both a liability and an equity component and require separation as at the date of the issue. Currently, the Company has recorded Debt issued and other borrowed funds as Financial Liabilities at Amortised Cost in the form of term loans, short term loans, debentures.

### 3.1.4 (a) (iv) Fair value Through Profit or Loss.(FVPL)

All financial assets other than those classified at amortised cost or FVOCI are classified as measured at FVTPL. Financial assets at fair value through profit or loss include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy.

Attributable transaction costs and net trading profit or loss are recognised in statement of profit or loss as incurred. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of profit or loss and the net trading.

Financial assets at fair value through profit or loss comprises of unit trusts.

### 3.1.5 Cash and Bank balances

Cash and bank balances comprise cash in hand, balances with banks, loans at call and at short notice that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments. Details of cash and bank balances are given in Note 16 to Financial Statements.

### 3.1.6 Classification and Subsequent Measurement of Financial Liabilities

Financial liabilities, other than loan commitments and financial guarantees, are classified as,

- (i) Financial liabilities at Fair Value through Profit or Loss (FVTPL)
  - a) Financial liabilities held for trading
  - b) Financial liabilities designated at fair value through profit or loss
- (ii) Financial liabilities at amortised cost, when they are held for trading and derivative instruments or the fair value designation is applied.

The subsequent measurement of financial liabilities depends on their classification.

#### i. Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial Liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Subsequent to initial recognition, financial liabilities at FVTPL are fair value, and changes therein recognized in Income Statement. No such liabilities as at the reporting date.

#### ii. Financial Liabilities at Amortised Cost

Financial liabilities issued by the Company that are not designated at FVTPL are classified as financial liabilities at amortised cost under "Due to banks", "Due to customers" and "Other borrowed fund, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder. After initial measurement, financial liabilities are subsequently measured at amortised cost. Amortised

cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Currently, the Company has recorded Due to Banks & Other borrowed funds as Financial Liabilities at Amortised Cost in the form of term loans, short term loans and securitizations.

### **3.1.7 Reclassifications of Financial assets and Financial Liabilities**

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

### **3.1.8 Derecognition of Financial Assets and Financial Liabilities**

#### **3.1.8 (a) Derecognition due to substantial modification of terms and conditions**

The Company derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit impaired at the date of inception.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Introduction of an equity feature
- Change in counter party
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash

flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

#### **3.1.8 (b) Derecognition other than for substantial modification**

##### **3.1.8 (b) (i) Derecognition of Financial Assets**

A financial asset ( or, where applicable, apart of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The company has transferred the financial asset, if and only if either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset Or
- It retains the rights to cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company can not sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned,

## Notes to the Financial Statements (Contd.)

during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset Or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

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 derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognizes as associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on

an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

### 3.1.8 (b) (ii) Derecognition – Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

### 3.1.9 Determination of Fair Value

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The disclosure of fair value of financial instruments is disclosed in Note 40 to the Financial Statements.

### **3.1.10 Impairment of Financial Assets**

#### **3.1.10 (i) a. Overview of the expected credit loss (ECL) principles**

The Company recognizes expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under SLFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months'

expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 41.4.1(b)

The 12mECL is 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.

Both LTECLs and 12mECLs are calculated on either an individual basis or collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company established a policy to perform as assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its loans in to Stage 1, Stage 2, Stage 3 and POCI, as described below.

**Stage 1** : When loans are first recognised, the Company recognises an allowance based on 12m ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

**Stage 2** : When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

**Stage 3** : Loans considered credit-impaired. The Company records an allowance for the LTECLs.

**POCI** : Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

## Notes to the Financial Statements (Contd.)

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

### b. The Calculation of Expected Credit Loss (ECL)

The Company calculates ECLs based on four probability-weighted scenarios to measure the expected cash short falls, discounted at an approximation to the EIR. A cash short fall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows.

**PD :** The probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

**EAD :** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.

**LGD :** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The mechanisms of the ECL method are summarized below.

**Stage 1 :** The 12mECL 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 12mECL 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 of the original EIR.

**Stage2 :** 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 for these loans. For such facilities set at 100% PD has been applied.

The Company recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at Fair Value through Profit and Loss (FVTPL):

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

No impairment loss is recognized on equity investments.

### c. Forward looking information

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Unemployment rate
- Central Bank base rates
- Inflation

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the Financial Statements. To

reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Scenario Probability Weighting applied in measuring Expected Credit Loss. The assigned Probability Weightage when measuring ECL for Best case, Base case and Worst Case are 10%, 10% and 80% (2024 – 20%, 5% and 75%) respectively.

Macro-economic factors information which were used in the ECL computation for the current year are : 5 years average of GDP :- 1.10% 5 years average of Inflation : 14.88%, 5 years average of Interest Rate : 12.71% and 5 years average of Unemployment 4.95%.

### **3.1.10 (ii) Reversals of impairment**

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the income statement.

### **3.1.10 (iii) Renegotiated Loans**

The Company makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan renegotiated when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Renegotiated loans may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of the terms. It is the Company's policy to monitor renegotiated loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case

basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 renegotiated asset until it collected or written off.

### **3.1.10 (iv) Write-off of Financial Assets at Amortised Cost**

Financial Assets (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realization of security.

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.

### **3.1.10 (v) Collateral Valuation**

The Company seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, gold, securities, letter of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting arrangements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the Central Bank of Sri Lanka.

To the extent possible, the Company uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have readily determinable market value are valued using models.

Nonfinancial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers, Audited Financial Statements and other independent sources.

### **3.1.10 (vi) Collateral repossessed**

The Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations will be transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset.



## Notes to the Financial Statements (Contd.)

### 3.1.10 (vii) Offsetting Financial Assets and Liabilities

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 recognized amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements; therefore, the related assets and liabilities are presented gross in the Statement of Financial Position.

Income and expenses are presented on a net basis only when permitted under LKAS/SLFRS, or for gains and losses arising from a group of similar transactions such as in the group's trading activity.

### 3.1.11 Other Financial Assets

Other Financial Assets includes the Other Receivables and Refundable Deposits. Refundable Deposits are initially recorded at Fair value and subsequently measured and amortized cost.

### 3.1.12 Other Financial Liabilities

Other Financial liabilities including Due to Customer (Deposits), Due to Banks, Other borrowed funds are initially measured at fair value less transaction cost that are directly attributable to the acquisition and subsequently measured at amortised cost using the Effective Interest Rate method.

Amortised cost is calculated by taking in to account any discount or premium on the issue and costs that are an integral part of the Effective Interest Rate.

### 3.1.13 Borrowings

Borrowings obtained by the Company that are not designated at fair value through profit or loss, are classified as liabilities under 'Borrowings', where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments.

After initial measurement, borrowings are subsequently measured at amortised cost using the Effective Interest Rate. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the Effective Interest Rate.

## 3.2. Leases

### 3.2.1 Identification of a Lease

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.

#### 3.2.1.1 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 recognizes 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. Lease payments are discounted using the Incremental Borrowing Rate.

### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The right of use asset is subsequently depreciated using straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. Details of "Right-of-use asset" are given in Note 29.

### Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

#### 3.2.1 Identification of a Lease

##### 3.2.1.1 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.

##### 3.2.1.2.1 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 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.

### 3.3 Real Estate Stock

Real Estate stock comprises all costs of purchase, cost of conversion and other costs incurred in bringing the real estate to its saleable condition.

**Purchase Cost** – Land Cost with Legal Charges.

Cost of

**Conversion** – Actual Development Costs.

Real Estate stocks are valued at the lower of cost and net realisable value, after making due allowances for slow moving items. Net realisable value is the price at which the real estate stocks can be sold in the ordinary course of business less estimated cost necessary to make the sale.

### 3.4 Non-Financial Assets

#### 3.4.1 Property, Plant & Equipment

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes, and are expected to be used during more than one year.

Property, Plant & Equipment are 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 LKAS 16 on Property, Plant & Equipment. Initially property and equipment are measured at cost.

## Notes to the Financial Statements (Contd.)

### Basis of Recognition and Measurement

#### - Cost Model

An item of property, plant & equipment that qualifies for recognition as an asset is initially measured at its costs. Costs include expenditure that is directly attributable to the acquisition of the asset and cost is incurred subsequently to add to or replace a part of it.

The cost of self - constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use and the costs of dismantling and removing the items and restoring at the site on which they are located and capitalized borrowing costs.

When parts of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment.

The Company applies the cost model to property, plant & equipment except the freehold land and records at cost of purchase or construction together with any incidental expense thereon less accumulated depreciation and any accumulated impairment losses.

Changes in the expected useful life are accounted by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

#### - Revaluation Model

The Company applies the revaluation model to the entire class of freehold land. Such properties are carried at a revalued amount, being the fair value at the date of revaluation less any subsequent accumulated impairment losses. Freehold land of the Company is revalued once in every year, if the fair values are substantially different from carrying amounts to ensure that the carrying amounts do not differ from the fair values at the reporting date. The Company has revalued its freehold land as at 31.03.2025 and details of the revaluation are given in Note 28.7 to the Financial Statements.

On revaluation of an asset, any increase in the carrying amount is recognized in Other comprehensive income and accumulated in equity, under revaluation reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Income Statement. In these circumstances, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognized as an expense in the Income Statement or debited to the other comprehensive income to the extent of any credit balance existing in the capital reserve in respect of that asset.

The decrease recognised in other comprehensive income reduces the amount accumulated in equity under revaluation reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

#### Subsequent Cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be reliably measured. The costs of the day-to-day servicing property, plant and equipment are charged to the Statement of Comprehensive Income.

#### Repairs and Maintenance

Repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

### Depreciation

The provision for depreciation is calculated by using the straight-line method over the useful life of the assets on cost or valuation of the Property & Equipment other than freehold land, commencing from when the assets are available for use. The rates of depreciations are given below;

Asset Category	Rate of Depreciation (per annum)
Furniture & Fittings	12.5% -33.33%
Office Equipment	12.5%
Motor Vehicle	12.5%
Computer Equipment	25%

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

### De-recognition

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in 'Other operating income' in the income statement in the year the asset is derecognised.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

### 3.4.2 Intangible Assets

The Company's intangible assets include the value of computer software.

### Basis of Recognition

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the company in accordance with the Sri Lanka Accounting Standard LKAS 38 on Intangible Assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses if any.

### Subsequent Expenditure

Subsequent expenditure on Intangible Asset is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

### Useful Economic life, Amortization and Impairment

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

### Intangible Assets

#### Amortization

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual value over their estimated useful life as follows:

Asset Category	Useful life
Computer software	10 Years

The residual value of the intangible asset is zero.

## Notes to the Financial Statements (Contd.)

The unamortized balances of Intangible assets with finite lives are reviewed for impairment whenever there is an indication for impairment and recognised in profit or loss to the extent that they are no longer probable of being recovered from the expected future benefits.

### Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the profit or loss in the year the asset is derecognised.

### 3.4.2 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or Cash Generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

## 3.5 Retirement Benefit Obligations

### 3.5.1 Defined Benefit Plan - Gratuity

All the employees of the Company are eligible for gratuity under the Payment of Gratuity Act No.12 of 1983, at the rate of one half of the Gross Salary applicable to the last month of the financial year in

which the employment is terminated or resigned, for each year of completed service, for those who have served in excess of 5 years.

The Company measures the present value of the promised retirement benefits for gratuity which is a defined benefit plan with the advice of an independent professional actuary using projected unit credit actuarial cost method as required by Sri Lanka Accounting Standard – LKAS 19 on “Employee Benefits”.

The item is stated under other liabilities in the Statement of Financial Position.

### Recognition of Actuarial Gains and Losses

Actuarial gains and losses are recognized in Other Comprehensive Income in the year in which they arise

### Interest Cost

Interest cost is the expected increase due to interest during the period in the present value of the planned liabilities because the benefits are one year closer to settlement

Recognition of Past Service Cost (Applicable only when a plan has been changed)

Past Service Costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already been vested, immediately following the introduction of, or changes to the plan, past service costs are recognized immediately.

### Funding Arrangements

The Gratuity liability is not externally funded.

### 3.5.2 Defined Contribution Plans

The Company also contributes defined contribution plans. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Company by the employees and is recorded as an expense under ‘Personnel expenses’. Unpaid contributions are recorded as a liability.

The Company contributes to the following Schemes:

#### **Employees' Provident Fund**

The Company and employees contribute 12% and 8% respectively of the employee's total earnings (as defined in the Employees' Provident Fund) to the Employees' Provident Fund.

#### **Employees' Trust Fund**

The Company contributes 3% of the employee's total earnings (as defined in the Employees' Trust Fund) to the Employees' Trust Fund.

### **3.6 Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation in accordance with Sri Lanka Accounting Standard—LKAS 37 on 'provision, contingent liabilities and contingent assets.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligations at that date.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement.

### **3.7 Recognition of Interest Income Interest Expense**

#### **3.7.1 Interest income and Interest Expense**

Under SLFRS 9, interest income and interest expense is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly

discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

The EIR (and therefore, the amortised cost of the asset/liability) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognizes interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges)

If expectations regarding the cash flows on the financial asset/liability are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the Statement of Financial Position with an increase or reduction in interest income/interest expense. The adjustment is subsequently amortised through Interest income/Interest expense in the income statement.

When a financial asset becomes credit-impaired (asset out in Note 41 and is, therefore, regarded as 'Stage3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognized using the contractual interest rate under net interest income.

#### **3.7.2 Interest Income on Overdue Rentals**

Interest from overdue rentals has been accounted when they are received.

## Notes to the Financial Statements (Contd.)

### 3.8 Fee and Commission Income and Expenses

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Fee and Commission income – including account Credit related fees & commission, Service charge, Transfer Fees and other fees income – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognized on a straight-line basis over the commitment period.

Fees earned for the provision of services over a period of time are accrued over that period

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

### 3.9 Dividend Income

Dividend income is recognized when the right to receive income is established.

### 3.10 Income from Government Securities and Securities purchased under Re-Sale Agreement

Discounts/ premium on Treasury bills & Treasury bonds are amortised over the period to reflect a constant periodic rate of return. The coupon interest on treasury bonds is recognised on an accrual basis. The interest income on securities purchased under resale agreement is recognised in the Income Statement on an accrual basis over the period of the agreement.

### 3.11 Net Trading Income

Net trading income includes all gains and losses from changes in fair value and related dividends for financial assets and financial liabilities 'held for trading' other than interest income.

### 3.12 Recovery of Bad Debts Written Off

Recovery of amounts written off as bad and doubtful debts is recognised upon received.

### 3.13 Personnel Expenses

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit – sharing plans if the Company has a present legal or constructive obligation to pay all employee benefits relating to employee services in the current and prior periods and the obligation can be estimated reliably.

### 3.14 Other Operating Expenses

Other operating expenses are recognized in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earnings of the specific items of the income. All the expenditure incurred in the running business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income in arriving at the profit of the year.

### 3.15 Taxes

As per Sri Lanka Accounting Standard – LKAS 12 (Income Taxes), tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognised in the Income Statement, except to the extent it relates to items recognised directly in equity or other comprehensive income in which case it is recognised in equity or in other comprehensive income.

#### 3.15.1 Current tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year, using the tax rates and tax laws enacted or substantially enacted on the reporting date and any adjustment to the tax payable in respect of prior years.

Accordingly, The Company computed the income tax liability for the year of assessment 2024/2025 by applying the income tax rate of 30%.

### 3.15.2 Deferred tax

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognised in equity and not in the Statement of Comprehensive Income.

### 3.15.3 Value Added Tax on Financial Services (VATFS) and Social Security Contribution Levy (SSCL)

VAT on Financial Services is calculated in accordance with Value Added Tax Act No 14 of 2002 and subsequent amendments there to. The base for the computation of Value Added Tax on Financial Services is the accounting profit before VATFS and income tax adjusted for the economic depreciation and emoluments of employees including cash, non-cash benefits and provisions relating to terminal benefits, computed on prescribed rate.

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No.25 of 2022 (SSCL Act), at the rate of 2.5%, with effect from 01 October 2022. SSCL is payable on 100% of the Value Addition attributable to financial services.

### 3.16 Segment Reporting

The Company's segmental reporting is based on the following operating segments identified based on products and services;

- Leasing
- Hire Purchase
- Term Loans
- Others

A segment is a distinguishable component of a Company that is engaged in providing products and services. (Business segment, which is subject to risks and rewards that are different from those of other segments).

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The accounting policies adopted for segment reporting are those accounting policies adopted for preparing the financial statements of the Company.



## Notes to the Financial Statements (Contd.)

### 3.17 Regulatory provisions

#### a. Statutory Reserve Fund

The statutory reserve fund is maintained as required by Finance Companies (Capital Funds) Direction No. 1 of 2003 issued by Central Bank of Sri Lanka. As per the said Direction, every Registered Finance Company shall maintain a reserve fund, out of the net profit for each year after provisions for taxation and bad and doubtful debts. Accordingly, 5% of the net profit for the year transferred to Reserve Fund as required by Section 3 (b) ii of the said Direction.

#### b. Deposit Insurance and Liquidity Support Scheme

In terms of the Finance Company's Act Direction No 2 of 2010 "Insurance of Deposit Liabilities" issued on 27 September 2010 and subsequent amendments there to 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 32E of the Monetary Law Act with effect from 1st October 2010. The said scheme was renamed as the "Sri Lanka Deposit Insurance and Liquidity Support Scheme" as per the Sri Lanka Deposit Insurance and Liquidity Support Scheme Regulation No 1 of 2013.

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

- a) Deposit liabilities to member institutions
- b) Deposit liabilities to Government of Sri Lanka
- c) Deposit liabilities to Directors, key management personnel and other related parties as defined in Banking Act Direction No 11 of 2007 on Corporate Governance of Licensed Commercial Banks
- d) Deposit liabilities held as collateral against any accommodation granted
- e) Deposit liabilities falling within the meaning of abandoned property in terms of the Banking Act and 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% on total amount of eligible deposits as at end of the month with in a period of 15 days from the end of the respective month

#### c. Crop Insurance Levy (CIL)

In terms Section 15 of the Finance Act No 12 of 2013 all institutions under the purview of Banking Act No 30 of 1988, Finance Companies Act No 78 of 1988 and Regulation of Insurance Industry Act No 43 of 2000 are required to pay 1% of the profit after tax as Crop Insurance Levy to the National Insurance Trust Fund Board effective from 01 April 2013.

#### d. Regulatory Loss Allowance Reserve

Where the loss allowances for expected credit loss falls below the regulatory provisions (i. e., provision and accrued interest in NPL) Company shall maintain the additional loss allowance in a non-distributable regulatory loss allowance reserve (RLAR) through and appropriation of its retained earnings. The additional loss allowance shall be maintain in the RLAR at all times. When loss allowance for expected credit losses exceeds the regulatory provision, the Company may transfer the excess amount in the RLAR to its retained earnings. Company has provided the difference of regulatory provision and impairment provision as per SLFRS 09.

### 3.18 Earnings per Share (EPS)

Basic EPS is calculated by dividing the net profit or loss attributable to ordinary equity share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares if any.

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#### 4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/LKASs) that are effective for annual periods beginning on or after the 1 April 2025. Accordingly, the Company has not early adopted these amendments in preparing these Financial Statements.

##### **SLFRS S1 General requirements for disclosure of sustainability related financial information and SLFRS S2 Climate-related disclosures**

- SLFRS S1 General requirements for disclosure of sustainability related financial information

SLFRS S1 General Requirements for disclosure of sustainability related financial information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

- SLFRS S2 Climate-related disclosures

SLFRS S2 Climate-related Disclosures Climate-related disclosures is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

- These standards will become effective for the Company from 1 April 2025. No financial impact is expected on the Company except for additional disclosures

##### **Other accounting standards**

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

- Lack of Exchangeability (Amendments to LKAS 21)
- Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7)

## Notes to the Financial Statements (Contd.)

### 5. INCOME

For the year ended 31 March	2025 Rs.	2024 Rs.
Interest Income	3,032,532,615	2,606,301,957
Fee & Commission Income	350,540,958	208,700,499
Net Gain/(Loss) from Trading	39,151,386	31,415,061
Other Operating Income	34,984,853	16,790,414
	<b>3,457,209,812</b>	<b>2,863,207,931</b>

#### 5.1 Interest Income

For the year ended 31 March	2025 Rs.	2024 Rs.
Loans and Advances	178,590,386	193,622,499
Lease Rentals Receivable & Stock out on Hire	2,711,888,243	2,183,779,944
Financial Investments in Government Securities	78,646,389	120,355,126
Interest Income on Debt Securities	-	4,734,247
Other Financial Assets	13,825	41,324
Placement with Banks	63,393,772	103,768,817
<b>Total Interest Income</b>	<b>3,032,532,615</b>	<b>2,606,301,957</b>

#### 5.2 Interest Expenses

For the year ended 31 March	2025 Rs.	2024 Rs.
Due to Banks	198,583	18,396
Due to Customers	851,487,379	1,089,056,447
Other Borrowed Funds	64,358,093	278,154,493
Leased Assets (Note 29.2)	25,114,860	26,624,359
<b>Total Interest Expenses</b>	<b>941,158,915</b>	<b>1,393,853,695</b>

### 6. NET FEE AND COMMISSION INCOME

#### 6.1 Fee and Commission Income

For the year ended 31 March	2025 Rs.	2024 Rs.
Credit Related Fees and Commissions	191,766,771	111,224,611
Service Charge	115,209,005	49,194,783
Transfer Fees	42,987,289	47,558,308
Other Fees	577,893	722,797
<b>Total Fee and Commission Income</b>	<b>350,540,958</b>	<b>208,700,499</b>

#### 6.2 Fee and Commission Expenses

For the year ended 31 March	2025 Rs.	2024 Rs.
Brokerage Fees	34,838,272	30,402,970
<b>Total Fee and Commission Expenses</b>	<b>34,838,272</b>	<b>30,402,970</b>
<b>Net Fee and Commission Income</b>	<b>315,702,686</b>	<b>178,297,529</b>

## 7. NET GAIN/(LOSS) FROM FAIR VALUE CHANGES

For the year ended 31 March	2025 Rs.	2024 Rs.
<b>7.1 Net Gain/(Loss) from Fair Value Through OCI</b>		
Dividend Income from Financial Investments	228,565	179,520
<b>7.2 Net Gain/(Loss) from Fair Value Through PL</b>		
Income- Unit trust investments	38,922,821	31,235,541
	<b>39,151,386</b>	<b>31,415,061</b>

## 8. OTHER OPERATING INCOME

For the year ended 31 March	2025 Rs.	2024 Rs.
Bad Debt Recoveries	13,352,111	7,065,248
Others	21,632,742	9,725,166
<b>Total Other Operating Income</b>	<b>34,984,853</b>	<b>16,790,414</b>

## 9. CREDIT LOSS EXPENSE ON FINANCIAL ASSETS AND OTHER LOSSES

9.1 The table below shows the expected credit loss (ECL) charges for Financial Instruments for the year 2024/2025 recorded in the income statement.

For the year ended 31 March	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Loans and Advances	743,288	(6,138,668)	43,782,512	38,387,132
Lease Rentals Receivable & Stock Out on Hire	67,808,029	(2,607,013)	304,749,177	369,950,193
	<b>68,551,317</b>	<b>(8,745,681)</b>	<b>348,531,689</b>	<b>408,337,325</b>

9.2 The table below shows the expected credit loss (ECL) charges for Financial Instruments for the year 2023/2024 recorded in the income statement.

For the year ended 31 March	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Loans and Advances	6,100,552	3,697,127	37,437,995	47,235,674
Lease Rentals Receivable & Stock Out on Hire	(16,494,879)	(36,641,194)	388,325,351	335,189,278
	<b>(10,394,327)</b>	<b>(32,944,067)</b>	<b>425,763,346</b>	<b>382,424,952</b>

## 10. PERSONNEL COSTS

For the year ended 31 March	2025 Rs.	2024 Rs.
Salaries and Bonus	415,491,241	257,778,057
Employer's Contribution to EPF	36,402,038	29,186,869
Employer's Contribution to ETF	9,100,510	7,296,718
Gratuity Charge/ (Reversals) for the Year (Note 36.1)	13,115,855	12,309,257
Other Allowances & Staff Related Expenses	95,105,673	76,665,805
	<b>569,215,317</b>	<b>383,236,706</b>

## Notes to the Financial Statements (Contd.)

### 11. DEPRECIATION & AMORTIZATION

For the year ended 31 March	2025 Rs.	2024 Rs.
Depreciation of Property Plant & Equipment	27,188,157	20,267,582
Amortization of intangible assets	7,253,602	5,982,869
Depreciation of Leased Assets (Note 29.1)	45,675,440	48,411,683
	<b>80,117,199</b>	<b>74,662,134</b>

### 12. OTHER OPERATING EXPENSES

For the year ended 31 March	2025 Rs.	2024 Rs.
Directors' Emoluments	13,305,000	7,200,000
Auditors Remuneration - Audit	3,174,000	1,628,750
- Non-Audit	5,297,302	400,000
Professional & Legal Expenses	6,067,212	10,970,220
Office Administration & Establishment Expenses	252,756,786	211,493,642
Advertising & Business Promotion Expenses	58,003,192	36,821,569
Deposit Insurance premium	10,331,773	8,686,547
Others	123,241,143	107,378,888
	<b>472,176,408</b>	<b>384,579,616</b>

### 13. TAXES ON FINANCIAL SERVICES

For the year ended 31 March	2025 Rs.	2024 Rs.
Value added tax on financial services for the year	208,356,638	78,452,731
Under/ (Over) provision of current taxes in respect of previous years	1,139,308	17,775,757
	<b>209,495,946</b>	<b>96,228,488</b>
Social Security Contribution Levy	38,242,764	8,406,529
	<b>247,738,710</b>	<b>104,635,017</b>

### 14. TAXATION

14.1 The major components of income tax expense for the years ended 31 March are as follows.

For the year ended 31 March	2025 Rs.	2024 Rs.
<b>(A) Statement of Profit or Loss</b>		
Current Income Tax	-	-
Income Tax for the year	299,847,532	49,663,979
Under/ (Over) provision of current taxes in respect of previous years	(4,514,147)	(47,768,304)
Deferred Tax		
Deferred Taxation Charge/ (Reversal) (Note 30)	(17,461,342)	3,179,116
	<b>277,872,043</b>	<b>5,074,791</b>
<b>(B) Other Comprehensive Income</b>		
Deferred Tax		
Deferred Taxation Charge/ (Reversal) (Note 30)	(1,033,213)	2,064,418
	<b>(1,033,213)</b>	<b>2,064,418</b>
<b>(C) Total Tax Expense for the year</b>	<b>276,838,830</b>	<b>7,139,209</b>

#### 14.2 Reconciliation of Accounting Profit and Taxable Income

A reconciliation between the tax expense and the accounting profit multiplied by the tax rate as per the Inland Revenue Act for the Years ended 31 March 2025 and 2024 is as follows.

For the year ended 31 March	2025 Rs.	2024 Rs.
Accounting Profit Before Income Taxation	703,627,666	109,412,841
At the statutory income tax rate of 30%	211,088,300	32,823,852
<b>Tax Effect on</b>		
Disallowable Expenses	223,090,621	180,167,663
Tax Deductible Expenses	(134,262,819)	(163,273,682)
Non-taxable Income/ Losses	(68,570)	(53,856)
Claim on Carried Forward Tax Losses	-	-
Income Tax	299,847,532	49,663,977
Under/ (Over) provision of current taxes in respect of previous years	(4,514,147)	(47,768,304)
Deferred Taxation Charge/(Reversal) (Note 30)	(17,461,342)	3,179,116
Total Tax Expense (Note 14.1 (A))	<b>277,872,043</b>	<b>5,074,789</b>
Effective tax rate	39%	5%

#### 15. EARNINGS PER ORDINARY SHARE

The Company presents basic and diluted Earnings per Share (EPS) data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity share holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting both the profit attributable to the ordinary equity share holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares if any.

##### 15.1 Earnings per Share: Basic / Diluted

For the year ended 31 March	2025 Rs.	2024 Rs.
<b>Amount used as the numerator</b>		
Profit after tax for the year attributable to equity holders (Rs.)	425,755,623	104,338,050
<b>No. of ordinary shares used as the denominator</b>		
Number of ordinary shares (Note 37.1)	73,693,171	73,693,171
Basic / diluted earnings per ordinary share (Rs.)	<b>5.78</b>	<b>1.42</b>

There were no potentially diluted shares as at 31st March 2025 and as at 31st March 2024 and there have been no transaction involving ordinary shares / potential ordinary shares as at reporting date which would require restatement of EPS.

## Notes to the Financial Statements (Contd.)

### 16. CASH AND BANK BALANCES

For the year ended 31 March	2025 Rs.	2024 Rs.
Cash in Hand	43,173,867	54,150,223
Balances with Banks	272,403,216	106,701,564
Less: Allowance for expected credit losses	-	(16,220)
	<b>315,577,083</b>	<b>160,835,567</b>

16.1 The movement in provision for expected credit losses are as follows.

As at 31 March	2025		2024	
	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Balance as at 01 April	16,220	16,220	16,220	16,220
Charge/(Reversal) to Income Statement	(16,220)	(16,220)	-	-
<b>Balance as at 31 March</b>	<b>-</b>	<b>-</b>	<b>16,220</b>	<b>16,220</b>

### 16.2 Cash and Cash Equivalents in the Cash Flow Statement

As at 31 March	2025 Rs.	2024 Rs.
Cash and Bank Balances	315,577,083	160,851,787
Bank Overdrafts	(4,664,275)	(48,270,764)
Treasury Bills and Repurchase Agreements	483,386,196	745,749,503
Placement with Banks	469,374,291	1,260,703,503
<b>Total Cash and Cash Equivalents for the purpose of Cash Flow Statements</b>	<b>1,263,673,295</b>	<b>2,119,034,029</b>

### 17. PLACEMENT WITH BANKS

As at 31 March	2025 Rs.	2024 Rs.
Fixed Deposit Investments	469,476,605	1,266,466,885
Less: Allowance for expected credit losses	-	(35,659)
	<b>469,476,605</b>	<b>1,266,431,226</b>

17.1 The movement in provision for expected credit losses are as follows.

As at 31 March	2025		2024	
	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Balance as at 01 April	35,659	35,659	35,659	35,659
Charge/(Reversal) to Income Statement	(35,659)	(35,659)	-	-
<b>Balance as at 31 March</b>	<b>-</b>	<b>-</b>	<b>35,659</b>	<b>35,659</b>

Fixed Deposit Investments include Investments amounting to Rs.65,860,494.37/- that have been Pledged for facilities obtained from Banks.

## 18. SECURITIES PURCHASED UNDER REPURCHASE AGREEMENT

As at 31 March	2025 Rs.	2024 Rs.
Repurchased Agreements	4,403,264	315,294,233
	<b>4,403,264</b>	<b>315,294,233</b>

## 19. LOANS AND ADVANCES

As at 31 March	2025 Rs.	2024 Rs.
Real Estate Loans	47,513	47,513
Mortgage Loans	139,230,662	148,259,074
Personnel Loans	57,751,196	97,632,963
Loans against Fixed Deposits	151,953,132	209,627,206
Staff Loans	31,865,359	42,778,263
Revolving Loans	71,883,469	66,848,003
Auto draft	525,695,431	216,107,885
Business Loans	188,077,270	204,537,615
Gold Loan	29,083,192	-
Other Loans	454,016,973	270,505,292
	<b>1,649,604,197</b>	<b>1,256,343,814</b>
Other Charges Receivable	44,619,189	41,903,979
	<b>1,694,223,386</b>	<b>1,298,247,793</b>
Less : Allowance for Impairment Losses (Note 19.2)	(421,819,834)	(382,638,025)
<b>Net Loans and Advances</b>	<b>1,272,403,552</b>	<b>915,609,768</b>

### 19.1 Analysis of Loans and Advances on Maximum Exposure to credit Risk as at 31 March 2025

As at 31 March	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Individually Impaired Loans and Advances	-	-	368,544,913	368,544,913
Loans and Advances subject to Collective Impairment	958,211,208	202,662,410	164,804,855	1,325,678,473
Allowances for Expected Credit Losses	(18,511,631)	(8,465,854)	(394,842,349)	(421,819,834)
	<b>939,699,577</b>	<b>194,196,556</b>	<b>138,507,419</b>	<b>1,272,403,552</b>

### Analysis of Loans and Advances on Maximum Exposure to credit Risk as at 31 March 2024

As at 31 March	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Individually Impaired Loans and Advances	-	-	385,246,979	385,246,979
Loans and Advances subject to Collective Impairment	596,583,263	133,801,466	182,616,085	913,000,814
Allowances for Expected Credit Losses	(17,768,343)	(14,604,523)	(350,265,159)	(382,638,025)
	<b>578,814,920</b>	<b>119,196,943</b>	<b>217,597,905</b>	<b>915,609,768</b>



## Notes to the Financial Statements (Contd.)

### 19.2 Allowance for Impairment Losses

As at 31 March	2025 Rs.	2024 Rs.
As at 01 April	382,638,025	335,402,351
Reclassification during the year	794,677	-
Charge / (Reversal) for the year	38,387,132	47,235,674
<b>As at 31 March</b>	<b>421,819,834</b>	<b>382,638,025</b>
Individual Impairment	258,506,591	293,491,679
Collective Impairment	163,313,243	89,146,346
	<b>421,819,834</b>	<b>382,638,025</b>
	<b>368,544,913</b>	<b>385,246,979</b>

Gross amount of loans individually determined to be impaired, before deducting the individually assessed impairment allowance.

### 19.3 Movement in Allowance for Expected Credit Loss (ECL)

As at 31 March	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Balance as at 01 April 2024	17,768,344	14,604,522	350,265,159	382,638,025
Reclassification during the year	-	-	794,677	794,677
Charge/(Reversal) to Income Statement	743,288	(6,138,668)	43,782,512	38,387,132
<b>Balance as at 31 March 2025</b>	<b>18,511,632</b>	<b>8,465,854</b>	<b>394,842,348</b>	<b>421,819,834</b>

During the year company has reclassified the provision on aged facilities amounting to Rs.794,677/- to the allowance for expected credit loss which was previously presented under interest suspense under loan and advances.

Expected credit loss amounting to Rs.284,476,772/- is associated with legal enforcement activities as at 31 March 2025.

As at 31 March	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Balance as at 01 April 2023	11,667,792	10,907,395	312,827,164	335,402,351
Charge/(Reversal) to Income Statement	6,100,552	3,697,127	37,437,995	47,235,674
<b>Balance as at 31 March 2024</b>	<b>17,768,344</b>	<b>14,604,522</b>	<b>350,265,159</b>	<b>382,638,025</b>

## 20. LEASE RENTALS RECEIVABLE & STOCK OUT ON HIRE

As at 31 March	2025 Rs.	2024 Rs.
<b>Gross rentals receivables</b>		
- Lease Rentals	14,564,962,465	9,887,377,983
- Amounts Receivable form Hirers	21,998,135	22,179,459
	<b>14,586,960,600</b>	<b>9,909,557,442</b>
Unearned Income	(3,980,424,810)	(2,551,131,513)
<b>Net rentals receivables</b>	<b>10,606,535,790</b>	<b>7,358,425,929</b>
Suspended VAT	-	132,908
	<b>10,606,535,790</b>	<b>7,358,558,837</b>
Other Charges Receivable	219,642,221	272,432,540
	<b>10,826,178,011</b>	<b>7,630,991,377</b>
Allowance for Impairment Losses (Note 20.1)	(1,028,653,886)	(855,579,354)
<b>Total Net Rentals Receivable</b>	<b>9,797,524,125</b>	<b>6,775,412,023</b>

### 20.1 Analysis of Lease Rental Receivable & Stock Out on Hire on Maximum Exposure to credit Risk as at 31 March 2025

As at 31 March	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Individually Impaired Lease Receivables	-	-	94,838,255	94,838,255
Lease Rental Receivable & Stock out of Hire subject to Collective Impairment	7,533,443,784	1,702,443,322	1,495,452,650	10,731,339,756
Allowances for Expected Credit Losses	(197,069,552)	(71,313,448)	(760,270,886)	(1,028,653,886)
	<b>7,336,374,232</b>	<b>1,631,129,874</b>	<b>830,020,019</b>	<b>9,797,524,125</b>

### Analysis of Lease Rental Receivable & Stock Out on Hire on Maximum Exposure to credit Risk as at 31 March 2024

As at 31 March	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Individually Impaired Lease Receivables	-	-	114,174,212	114,174,212
Lease Rental Receivable & Stock out of Hire subject to Collective Impairment	3,844,863,636	1,319,887,434	2,352,066,096	7,516,817,166
Allowances for Expected Credit Losses	(129,261,522)	(73,920,461)	(652,397,371)	(855,579,354)
	<b>3,715,602,114</b>	<b>1,245,966,973</b>	<b>1,813,842,937</b>	<b>6,775,412,024</b>

## Notes to the Financial Statements (Contd.)

### 20.2. Allowance for Impairment Losses

As at 31 March	2025 Rs.	2024 Rs.
As at 01 April	855,579,354	763,242,481
Reclassification during the year	30,437,719	-
Charge / (Reversal) for the year	369,950,193	335,189,278
Amounts written off	(227,313,380)	(242,852,404)
<b>As at 31 March</b>	<b>1,028,653,887</b>	<b>855,579,354</b>
Individual Impairment	81,634,620	96,238,445
Collective Impairment	947,019,266	759,340,909
	<b>1,028,653,886</b>	<b>855,579,354</b>

Gross amount of lease and hire purchase rental receivables individually determined to be impaired, before deducting the individually assessed impairment allowance.

### 20.3 Movement in Allowance for Expected Credit Loss (ECL)

As at 31 March	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Balance as at 31 March 2024	129,261,523	73,920,461	652,397,370	855,579,354
Reclassification during the year	-	-	30,437,718	30,437,718
Charge/(Reversal) to Income Statement	67,808,029	(2,607,013)	304,749,177	369,950,194
Amounts written off	-	-	(227,313,380)	(227,313,380)
<b>Balance as at 31 March 2025</b>	<b>197,069,552</b>	<b>71,313,448</b>	<b>760,270,885</b>	<b>1,028,653,886</b>

During the year company has reclassified the provision on aged facilities amounting to Rs.30,437,719/- to the allowance for expected credit loss which was previously presented under interest suspense under loan and advances.

Expected credit loss amounting to Rs.375,695,005/- is associated with legal enforcement activities as at 31 March 2025.

### Movement in Allowance for Expected Credit Loss (ECL)

As at 31 March	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Balance as at 31 March 2023	145,756,402	110,561,656	506,924,423	763,242,481
Charge/(Reversal) to Income Statement	(16,494,879)	(36,641,195)	145,472,947	92,336,873
<b>Balance as at 31 March 2024</b>	<b>129,261,523</b>	<b>73,920,461</b>	<b>652,397,370</b>	<b>855,579,354</b>

## 20.4 Gross rentals receivables

As at 31 March 2025	Within one year Rs.	1 - 5 years Rs.	Over 5 years Rs.	Total Rs.
- Lease Rentals	7,651,590,547	6,913,371,918	-	14,564,962,465
- Amounts Receivable form Hirers	21,155,249	842,886	-	21,998,135
	<b>7,672,745,796</b>	<b>6,914,214,804</b>	-	<b>14,586,960,600</b>
Less: Unearned Income	(2,356,894,090)	(1,623,530,719)	-	(3,980,424,809)
<b>Net rentals receivables</b>	<b>5,315,851,706</b>	<b>5,290,684,085</b>	-	<b>10,606,535,791</b>
				10,606,535,791
Other Charges Receivable				219,642,220
				<b>10,826,178,011</b>
Less : Allowance for Impairment Losses				(1,028,653,886)
<b>Total net rentals receivable</b>				<b>9,797,524,125</b>

## Gross rentals receivables

As at 31 March 2024	Within one year Rs.	1 - 5 years Rs.	Over 5 years Rs.	Total Rs.
- Lease Rentals	5,721,866,751	4,165,511,232	-	9,887,377,983
- Amounts Receivable form Hirers	20,644,899	1,534,559	-	22,179,459
	<b>5,742,511,650</b>	<b>4,167,045,791</b>	-	<b>9,909,557,442</b>
Less: Unearned Income	(1,652,466,187)	(898,665,326)	-	(2,551,131,513)
<b>Net rentals receivables</b>	<b>4,090,045,463</b>	<b>3,268,380,465</b>	-	<b>7,358,425,929</b>
Less : Suspended VAT				132,909
				<b>7,358,558,838</b>
Other Charges Receivable				272,432,540
				<b>7,630,991,378</b>
Less : Allowance for Impairment Losses				(855,579,354)
<b>Total net rentals receivable</b>				<b>6,775,412,024</b>

## 21. FINANCIAL INVESTMENTS -FAIR VALUE THROUGH PROFIT AND LOSS

As at 31 March	2025 Rs.	2024 Rs.
Unit trust investments	317,071,437	591,848,876
	<b>317,071,437</b>	<b>591,848,876</b>

## Notes to the Financial Statements (Contd.)

### 21.1 Movement of Financial Investments -Fair Value Through Profit And Loss

As at 31 March	2025 Rs.	2024 Rs.
As at 01 April	591,848,876	8,613,335
Purchases	766,298,740	630,000,000
Fair value gain	38,923,821	31,235,541
Withdrawal	(1,080,000,000)	(78,000,000)
<b>As at 31 March</b>	<b>317,071,437</b>	<b>591,848,876</b>

There were no cash and cash equivalents held by the Company that were not available for use by the Company.

### 22. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OCI

As at 31 March	2025 Rs.	2024 Rs.
Credit Information Bureau-Unquoted Equities *	80,400	80,400
	<b>80,400</b>	<b>80,400</b>

\* Cost is assumed to be the best approximation for the fair value of unquoted equity shares due to the absence of most recent exit prices.

\* No Strategic investments were disposed of during 2025, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

\* During the period the amounting to Rs.228,565/- dividends has been received.

### 23. DEBT INSTRUMENTS AT AMORTISED COST

As at 31 March	2025 Rs.	2024 Rs.
Government of Sri Lanka Treasury Bills	631,753,297	430,455,264
	<b>631,753,297</b>	<b>430,455,264</b>

#### 23.1. Movement of Debt Instruments at Amortised Cost

As at 31 March	2025 Rs.	2024 Rs.
As at 01 April	430,455,264	713,692,026
Purchases	2,186,914,603	1,624,460,200
Int. Income	69,559,483	84,303,038
Derecognition	(2,055,176,052)	(1,992,000,000)
<b>As at 31 March</b>	<b>631,753,298</b>	<b>430,455,264</b>

The Company did not have any defaults of principal or interest or breaches with respect to its debt securities during the year ended 31 March 2025 and 31 March 2024.

## 24. OTHER FINANCIAL ASSETS

As at 31 March	2025 Rs.	2024 Rs.
Reposessed Stock	31,221,535	33,828,304
Other Receivables	106,918,458	87,850,213
	<b>138,139,993</b>	<b>121,678,517</b>
Less : Allowance for Impairment Losses (Note 24.1)	(31,221,535)	(50,241,962)
	<b>106,918,458</b>	<b>71,436,555</b>
Deposit	26,489,998	21,800,014
Due From Related Parties	9,414,815	4,573,566
	<b>142,823,271</b>	<b>97,810,135</b>

Reposessed stock of the Company and the corresponding ECL allowances are grouped under Stage 3.

### 24.1 Allowance for Impairment Losses

As at 31 March	2025 Rs.	2024 Rs.
As at 01 April	50,241,961	67,827,218
Charge / (Reversal) for the year	227,313,380	242,852,404
Amounts written off	(246,333,806)	(260,437,661)
<b>As at 31 March</b>	<b>31,221,535</b>	<b>50,241,961</b>
Individual Impairment	-	-
Collective Impairment	31,221,535	50,241,961
	<b>31,221,535</b>	<b>50,241,961</b>

The Contractual amount outstanding on financial assets of Rs.246,333,806/- written off during the year ended 31 March 2025 are being considered for enforcement activities.

### 24.2 Movement in Allowance for Expected Credit Loss (ECL)

As at 31 March	Stage 03 Rs.	Total Rs.
Balance as at 01 April 2024	50,241,961	50,241,961
Charge/(Reversal) to Income Statement	227,313,380	227,313,380
Amounts written off	(246,333,806)	(246,333,806)
<b>Balance as at 31 March 2025</b>	<b>31,221,535</b>	<b>31,221,535</b>

### Movement in Allowance for Expected Credit Loss (ECL)

As at 31 March	Stage 03 Rs.	Total Rs.
Balance as at 01 April 2023	67,827,218	67,827,218
Charge/(Reversal) to Income Statement	242,852,404	242,852,404
Amounts written off	(260,437,661)	(260,437,661)
<b>Balance as at 31 March 2024</b>	<b>50,241,961</b>	<b>50,241,961</b>

## Notes to the Financial Statements (Contd.)

### 25. REAL ESTATE STOCK

As at 31 March	2025 Rs.	2024 Rs.
Real Estate Stocks	39,483,688	40,273,387
	<b>39,483,688</b>	<b>40,273,387</b>

### 26. OTHER NON FINANCIAL ASSETS

As at 31 March	2025 Rs.	2024 Rs.
Advances	43,535,331	12,661,294
Pre-paid Staff Cost (Note 26.1)	13,597,182	21,158,135
Other Receivables	-	212,630
Pre Paid Rent Deposit	-	(67,596)
Pre-Paid Expenses	29,524,232	28,474,450
	<b>86,656,745</b>	<b>62,438,913</b>

#### 26.1 The movement in the Pre-Paid Staff Cost(Staff Loan IFRS Adjustment)

As at 31 March	2025 Rs.	2024 Rs.
Balance as at 1 April	21,158,135	34,942,919
Adjustment for new grants (net of settlements)	(3,079,528)	(6,762,589)
Charge to Personnel Expenses	(4,481,425)	(7,022,195)
<b>Balance as at 31 March</b>	<b>13,597,182</b>	<b>21,158,135</b>

### 27. INTANGIBLE ASSETS

As at 31 March	Computer Software	
	2025 Rs.	2024 Rs.
<b>Cost</b>		
Cost as at 01 April	90,728,638	85,700,174
Additions	4,550,692	5,028,464
<b>As at 31 March</b>	<b>95,279,330</b>	<b>90,728,638</b>
<b>Amortisation &amp; Impairment:</b>		
As at 1 April	68,556,084	62,573,215
Amortisation Charge for the year	7,253,603	5,982,869
<b>As at 31 March</b>	<b>75,809,687</b>	<b>68,556,084</b>
<b>Net book value:</b>		
<b>As at 31 March</b>	<b>19,469,643</b>	<b>22,172,554</b>

#### Nature and Amortization Method

Intangible Assets represent acquisition of computer software from third parties. These software are amortized over the estimated useful life of 10 years on a straight line basis.

During the financial year, the Company acquired intangible assets value of Rs.4,550,692 /- (Computer Software) (2023/2024 - Rs.5,028,464 /-).

## 28. PROPERTY, PLANT AND EQUIPMENT

### 28.1 Gross Carrying Amounts Cost /Valuation

As at 31 March	Balance As at 31.03.2024 Rs.	Additions Rs.	Revaluation Gain/Loss Rs.	Disposals Rs.	Balance As at 31.03.2025 Rs.
<b>Freehold Assets</b>					
Land	117,892,500	-	7,145,000	-	125,037,500
Furniture & Fittings	83,803,208	14,443,179	-	-	98,246,387
Office Equipment	27,804,659	9,970,010	-	-	37,774,669
Motor Vehicles	9,924,000	-	-	-	9,924,000
Computer Hardware	113,783,516	14,676,362	-	-	128,459,878
<b>Total Value of Depreciable Assets</b>	<b>353,207,883</b>	<b>39,089,551</b>	<b>7,145,000</b>	<b>-</b>	<b>399,442,434</b>

### Gross Carrying Amounts Cost /Valuation

As at 31 March	Balance As at 31.03.2023 Rs.	Additions Rs.	Revaluation Gain/Loss Rs.	Disposals Rs.	Balance As at 31.03.2024 Rs.
<b>Freehold Assets</b>					
Land	114,480,000	-	3,412,500	-	117,892,500
Furniture & Fittings	66,397,649	17,405,559	-	-	83,803,208
Office Equipment	21,124,284	6,680,375	-	-	27,804,659
Motor Vehicles	9,924,000	-	-	-	9,924,000
Computer Hardware	100,290,604	13,492,912	-	-	113,783,516
<b>Total Value of Depreciable Assets</b>	<b>312,216,537</b>	<b>37,578,846</b>	<b>3,412,500</b>	<b>-</b>	<b>353,207,883</b>

### 28.2 Depreciation

As at 31 March 2025	Balance As at 31.03.2024 Rs.	Charge for the Period Rs.	Disposals Rs.	Balance As at 31.03.2025 Rs.
Furniture & Fittings	63,049,860	8,366,480	-	71,416,340
Office Equipment	16,957,920	2,725,361	-	19,683,281
Motor Vehicles	3,727,958	1,240,500	-	4,968,458
Computer Hardware	80,262,669	14,855,816	-	95,118,485
	<b>163,998,407</b>	<b>27,188,157</b>	<b>-</b>	<b>191,186,564</b>

As at 31 March 2025	Balance As at 31.03.2023 Rs.	Charge for the Period Rs.	Disposals Rs.	Balance As at 31.03.2024 Rs.
Furniture & Fittings	57,933,256	5,116,604	-	63,049,860
Office Equipment	14,376,344	2,581,576	-	16,957,920
Motor Vehicles	2,487,458	1,240,500	-	3,727,958
Computer Hardware	68,933,767	11,328,902	-	80,262,669
	<b>143,730,825</b>	<b>20,267,582</b>	<b>-</b>	<b>163,998,407</b>



## Notes to the Financial Statements (Contd.)

### 28.3 Net Book Values

As at 31 March	2025 Rs.	2024 Rs.
<b>At Cost/Valuation</b>		
Land	125,037,500	117,892,500
Furniture & Fittings	26,830,047	20,753,348
Office Equipment	18,091,388	10,846,739
Motor Vehicles	4,955,542	6,196,042
Computer Hardware	33,341,393	33,520,847
<b>Total Carrying Amount of Property, Plant &amp; Equipment</b>	<b>208,255,870</b>	<b>189,209,476</b>

### 28.4 The useful lives of the assets are estimated as follows;

As at 31 March	2025	2024
Furniture & Fittings	3 - 8 Years	3 - 8 Years
Office Equipment	8 Years	8 Years
Motor Vehicles	8 Years	8 Years
Computer Hardware	4 years	4 years

**28.5** During the Financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs. 39,089,551/- (2023/2024 - Rs. 37,578,846/-)

**28.6** Cost of fully depreciated assets of the company as at 31 March 2025 is Rs. 161,714,895.88/-(2023/2024-Rs. 142,652,694/-)

### 28.7 Fair value related disclosures of freehold land

Fair value of the land was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation on 31 March 2025, the lands' fair values are based on valuations performed by H.R De Silva, a professionally qualified independent valuer.

Reconciliation of carrying amount	2025
Revalued amount (carrying value) as at 31.03.2024	117,892,500
Revaluation gain as at 31.03.2025	7,145,000
Impairment losses recognized during the year	-
<b>Carrying Value and fair value as at 31 March 2025</b>	<b>125,037,500</b>
	<b>2024</b>
Revalued amount (carrying value) as at 31.03.2023	114,480,000
Revaluation gain as at 31.03.2024	3,412,500
Impairment losses recognized during the year	-
<b>Carrying Value and fair value as at 31 March 2024</b>	<b>117,892,500</b>

### Fair value hierarchy

The fair value the Company's freehold land was determined using the market comparable method. This means that valuations performed are based on prices of transactions involving properties of a similar nature, location and condition. Since this valuation was performed using a significant non-observable input, the fair value was classified as a Level 3 measurement.

### Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of freehold land, as well as the significant unobservable inputs used.

Name of the Professional Valuer/ Location	Extent	Method of Valuation and Significant Unobservable Inputs	Valued in 31 March 2025 Valuation
H.R De Silva Freehold land at Awissawella Road, Galwana, Mulleriyawa	71.45 perches	Market Comparable Method-Estimat- ed price per perch: Rs.1,750,000/-	125,037,500

The carrying value of Company's revalued freehold land, if it was carried at cost, would be as follows.

As at 31 March	2025 Cost Rs.	2025 Crrying Value Rs.	2024 Cost Rs.	2024 Crrying Value Rs.
Freehold Land	24,940,093	24,940,093	24,940,093	24,940,093
	24,940,093	24,940,093	24,940,093	24,940,093

**28.8** There were no items of property plant and equipment pledge as security for liabilities of the company as at the reporting date.

**28.9** There was no temporarily ideal property plant and Equipment as at 31 March 2025.

## 29. RIGHT-OF-USE-ASSETS

Set out below are the charging amount of right-of-use assets recognized and movement during the year.

### 29.1 Cost

As at 31 March	2025 Rs.	2024 Rs.
Balance as at 01 April	363,976,574	324,491,208
Additions and Improvements	104,810,984	39,485,366
Derecognize	(39,623,215)	-
<b>Cost as at 31 March</b>	<b>429,164,343</b>	<b>363,976,574</b>
<b>Accumulated Amortisation</b>		
Balance as at 01 April	221,527,460	173,115,777
Charge for the year (Note 11)	45,675,440	48,411,683
Derecognize	(17,986,452)	-
<b>Accumulated Amortisation as at 31 March</b>	<b>249,216,448</b>	<b>221,527,460</b>
<b>Net Book Value as at 31 March</b>	<b>179,947,895</b>	<b>142,449,114</b>

## Notes to the Financial Statements (Contd.)

### 29.2 Lease Liability

Set out below are the carrying amounts of Lease Liabilities (Included under Other Financial Liabilities in Note 34) and movements during the year.

As at 31 March	2025 Rs.	2024 Rs.
Balance as at 01 April	169,285,428	166,122,350
Additions & Derecognize	81,569,088	39,485,366
Accretion of Interest (Note 5.2)	25,114,860	26,624,358
Payments - Interest	(25,114,860)	(26,624,358)
Capital	(37,331,015)	(36,322,288)
<b>Balance as at 31 March</b>	<b>213,523,501</b>	<b>169,285,428</b>

### 29.3 Maturity Analysis of Lease Liability

As at 31 March	2025 Rs.	2024 Rs.
Less than 01 year	1,756,813	33,282,073
01 to 05 years	84,940,043	95,705,131
More than 05 years	126,826,645	40,298,224
	<b>213,523,501</b>	<b>169,285,428</b>

### 29.4 Sensitivity of Right-of use Assets /Lease Liability to Key Assumptions

#### Sensitivity to Discount Rates

1% increase/(Decrease) in discount rate as at 31 March 2025 would have increased/(decreased) the lease liability by approximately Rs.5,922,978/- with a similar increase/(decrease) in the Right- of-use Assets. Had the Company increased/(decreased) the discount rate by 1% the Company's profit before tax for the year would have increased/ (decreased) by approximately Rs.257,556/-

### 29.5 Amounts Recognised in Profit or Loss

As at 31 March	2025 Rs.	2024 Rs.
Depreciation expense on Lease Assets	45,675,440	48,411,683
Interest Expense	25,114,860	26,624,359

### 30. DEFERRED TAXATION

As at 31 March	Statement of Financial Position		Recognized in Statement of Other Comprehensive Income		Recognized in Statement of Profit or Loss	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Deferred Tax Liability</b>						
Capital Allowances for Tax Purposes						
- Property Plant & Equipment	8,608,823	9,376,130	-	-	(767,307)	(1,169,624)
- Leased Asset	464,040	521,482	-	-	(57,442)	(2,092,675)
Revaluation of Land - Previous Year	27,885,722	26,861,972	-	1,023,750	-	-
Revaluation of Land - Current Year	2,143,500	1,023,750	2,143,500	-	-	-
Right-of-use-assets	53,984,369	42,734,734			11,249,634	(13,641,740)
Define Benefit Plan -						
Other Comprehensive Income	-	1,147,565	-	-	-	-
	<b>93,086,454</b>	<b>81,665,633</b>	<b>2,143,500</b>	<b>1,023,750</b>	<b>10,424,886</b>	<b>(16,904,039)</b>
<b>Deferred Tax Assets</b>						
Defined Benefit Plans- Income Statement	(15,568,420)	(12,385,449)	-	-	(3,182,971)	(1,155,685)
Define Benefit Plan- Other Comprehensive Income	(2,029,148)	-	(3,176,713)	1,040,668	-	-
Provision for Impairment on Financial Assets	-	-	-	-	-	9,689,247
Leased Assets-SLFRS 16	(64,057,050)	(50,785,628)	-	-	(13,271,422)	11,549,593
Brought Forward Tax Losses	-	-	-	-	-	-
Provision for impairment on loan and lease receivables	(11,431,835)	-	-	-	(11,431,835)	-
	<b>(93,086,454)</b>	<b>(63,171,077)</b>	<b>(3,176,713)</b>	<b>1,040,668</b>	<b>(27,886,227)</b>	<b>20,083,156</b>
<b>Deferred income tax charge/(reversal)</b>			<b>(1,033,213)</b>	<b>2,064,418</b>	<b>(17,461,342)</b>	<b>3,179,117</b>
<b>Net Deferred Tax Liability/ (Asset)</b>	<b>-</b>	<b>18,494,556</b>				

Deferred Tax Assets and Liabilities are Measured at the Tax Rate of 30% (2023/2024-30%).

#### 30.1 Un recognized Deferred Tax Assets

Deferred tax asset have not been recognised in respect of following item because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

The deferred tax asset on temporary differences are as follows:

As at 31 March	2025	
	Temporary Differences	Tax Effect
<b>Deferred Tax Assets</b>		
Provision for impairment on loan and lease receivables	257,254,370	77,176,311

## Notes to the Financial Statements (Contd.)

### 31. DUE TO BANKS

As at 31 March	2025 Rs.	2024 Rs.
Bank Overdrafts	4,664,275	48,270,764
	<b>4,664,275</b>	<b>48,270,764</b>

### 32. DUE TO CUSTOMERS

For the year ended 31 March	2025 Rs.	2024 Rs.
Fixed Deposits	8,344,633,322	6,326,381,002
Savings Deposits	105,213,908	40,466,672
	<b>8,449,847,230</b>	<b>6,366,847,674</b>

### 33. OTHER BORROWED FUNDS

As at 31 March	2025 Rs.	2024 Rs.
Securitization Loan (Note 33.1)	150,362,272	615,027,140
	<b>150,362,272</b>	<b>615,027,140</b>

#### 33.1 Other Borrowed Funds

	2025			2024		
	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.
Securitized Borrowings	54,252,980	96,109,292	150,362,272	560,647,328	54,379,812	615,027,140
	<b>54,252,980</b>	<b>96,109,292</b>	<b>150,362,272</b>	<b>560,647,328</b>	<b>54,379,812</b>	<b>615,027,140</b>

#### 33.2 (a) Other Borrowed Funds

	As at 01.04.2024 Rs.	Loans Obtained Rs.	Interest Recognized Rs.	Repayments		As at 01.04.2025 Rs.	Period	Security
				Capital Rs.	Interest Rs.			
Securitized Borrowings 12	380,201,426	-	30,122,887	268,738,095	141,586,218	-	20 Months	Lease Portfolio
Securitized Borrowings 13	234,825,716	-	34,235,207	100,000,000	18,698,651	150,362,272	19 Months	Lease Portfolio
	<b>615,027,142</b>	<b>-</b>	<b>64,358,094</b>	<b>368,738,095</b>	<b>160,284,869</b>	<b>150,362,272</b>		

### 33.2 (a) Other Borrowed Funds (Contd.)

	As at 01.04.2023 Rs.	Loans Obtained Rs.	Interest Recognized Rs.	Repayments		As at 01.04.2024 Rs.	Period	Security
				Capital Rs.	Interest Rs.			
Securitized Borrowings 04	1,634,377	-	-	-	1,634,377	-	24 Months	Lease Portfolio
Securitized Borrowings 06	1,450,989	-	-	-	1,450,989	-	24 Months	Lease Portfolio
Securitized Borrowings 07	867,565	-	-	-	867,565	-	30 Months	Lease Portfolio
Securitized Borrowings 08	28,451,599	-	135,901	25,000,000	3,587,500	-	18Months	Lease Portfolio
Securitized Borrowings 09	248,662,280	-	4,030,029	220,508,308	32,183,971	-	18 Months	Lease Portfolio
Securitized Borrowings 10	215,865,175	-	12,946,853	190,000,000	38,812,027	-	24 Months	Lease Portfolio
Securitized Borrowings 11	913,340,438	-	80,822,015	735,434,655	262,680,729	-	16 Months	Lease Portfolio
Securitized Borrowings 12	542,750,992	-	168,988,892	230,879,763	100,658,698	380,201,425	20 Months	Lease Portfolio
Securitized Borrowings 13	-	223,594,912	11,230,803	-	-	234,825,715	19 Months	Lease Portfolio
	<b>1,953,023,415</b>	<b>223,594,912</b>	<b>278,154,493</b>	<b>1,401,822,726</b>	<b>441,875,856</b>	<b>615,027,140</b>		

### 34. OTHER FINANCIAL LIABILITIES

As at 31 March	2025 Rs.	2024 Rs.
Trade Payables - Related Parties (Note 34.1)	36,709,815	41,912,249
Non Trade Payables - Related Parties (Note 34.2)	3,152,445	3,381,232
Trade Payables - Other Parties	341,644,641	260,648,868
Lease Liability (Note 29.2)	213,523,501	169,285,428
Accrued Expenses	363,566,109	242,805,102
	<b>958,596,511</b>	<b>718,032,879</b>

#### 34.1 Trade Payables to Related Parties

As at 31 March		2025 Rs.	2024 Rs.
	Relationship		
Abans PLC	Parent Company	637,400	427,872
Abans Auto (Pvt)Ltd	Affiliate Company	36,072,415	41,484,377
		36,709,815	41,912,249

## Notes to the Financial Statements (Contd.)

### 34.2 Non Trade Payables to Related Parties

As at 31 March		2025 Rs.	2024 Rs.
Abans PLC	Relationship	357,359	299,206
Abans Environmental Services	Parent Company	587,660	323,469
ABS Gardner Dixon Hall International (Pvt) Ltd	Affiliate Company	723,882	1,372,980
AB Securitas (Pvt) Ltd	Affiliate Company	1,229,565	1,067,266
ABS Courier (Pvt) Ltd	Affiliate Company	253,979	318,311
		<b>3,152,445</b>	<b>3,381,232</b>

### 35. OTHER NON FINANCIAL LIABILITIES

As at 31 March		2025 Rs.	2024 Rs.
VAT on Financial Services & NBT		63,394,700	14,143,268
VAT Payable		11,328,894	41,948,832
SSCL Payable		13,162,676	2,879,981
Others		6,736,142	5,801,534
		<b>94,622,412</b>	<b>64,773,615</b>

### 36. RETIREMENT BENEFIT OBLIGATIONS

As at 31 March		2025 Rs.	2024 Rs.
<b>Retirement Benefit Obligations - Gratuity</b>			
Balance at the beginning of the year		41,284,829	37,432,541
Current Service Cost		8,161,676	5,602,585
Payments made during the year		(6,331,168)	(4,988,075)
Interest Charged/(Reversed) for the year		4,954,179	6,706,672
Due to change in Demographic Assumptions		2,825,648	(604,813)
Due to change in Financial Assumptions		964,592	1,288,831
Experience Adjustment		6,798,804	(4,152,911)
Balance at the end of the year		<b>58,658,560</b>	<b>41,284,829</b>

#### 36.1 Expenses on Defined Benefit Plan

As at 31 March		2025 Rs.	2024 Rs.
Current Service Cost for the year		8,161,676	5,602,585
Interest Charge for the year		4,954,179	6,706,672
		<b>13,115,855</b>	<b>12,309,257</b>
<b>Amount Recognized in the Other Comprehensive Income</b>			
(Gain)/Loss arising from changes in the assumption (Note 36.2)		10,589,044	(3,468,893)
		<b>10,589,044</b>	<b>(3,468,893)</b>

### 36.2 (Gain) / Loss arising from the changes in the assumption

As at 31 March	2025 Rs.	2024 Rs.
Due to change in Demographic Assumptions	2,825,648	(604,813)
Due to change in Financial Assumptions	964,592	1,288,831
Experience Adjustment	6,798,804	(4,152,911)
	<b>10,589,044</b>	<b>(3,468,893)</b>

**36.3** Actuarial valuation of Retiring Gratuity Obligation as at 31 March 2025 was carried out by Messrs. Actuarial and Management Consultants (Pvt) Ltd, a firm of professional actuaries using "Project Unit Credit Method" as recommended by LKAS 19-'Employee Benefits'.

### 36.4 Assumptions

As at 31 March	2025	2024
Discount Rate	11.00%	12.00%
Salary Increment Rate	10.00%	10.00%
Staff Turnover	14.00%	10.00%
Retirement Age	60 Years	60 Years

Assumptions regarding future mortality are based on 1967/70 Mortality Table and issued by the Institute of Actuaries, London.

\*\* The minimum retirement age has been extended up to 60 years with effect from 17 November 2021 as per the "Minimum Retirement Age of Workers Act, No. 28 of 2021".

\*\* The long term bond rate has been used to discount the future liabilities taking into consideration remaining working life of employees.

### 36.5 Sensitivity of Assumptions in Actuarial Valuation of Retiring Gratuity Obligation

The following table demonstrates the sensitivity to a possible change in key assumptions employed with all other variables held constant in the Retiring Gratuity Obligations measurement. The sensitivity of the Statement of Financial position and Statement of Comprehensive Income is the effect of the assumed changes in the discount rate and salary increment on the profit or loss and Retiring Gratuity obligation for the year.

Increase/(Decrease) in Discount Rate	Increase/(Decrease) in Salary Escalation Rate	2025		2024	
		Sensitivity Effect on Statement of Comprehensive Income	Sensitivity Effect on Defined Benefit Obligation	Sensitivity Effect on Statement of Comprehensive Income	Sensitivity Effect on Defined Benefit Obligation
1%	-	2,591,084	(2,591,084)	2,507,357	(2,507,357)
-1%	-	(2,850,882)	2,850,882	(2,817,692)	2,817,692
-	1%	(3,129,420)	3,129,420	(3,040,617)	3,040,617
-	-1%	2,891,826	(2,891,826)	2,745,452	(2,745,452)



## Notes to the Financial Statements (Contd.)

### 36.6 Maturity Profile of the Defined Benefit Obligation Plan

Maturity Profile of the Defined Benefit Obligation Plan as at the reporting date is given below;

As at 31 March	2025 Years	2024 Years
Weighted Average Duration of the Defined Benefit Obligation	5.00	7.00
Average Time to Benefit Payout	4.90	7.30

### 36.7 Distribution of Defined Benefit Obligation Over Future Lifetime

The following table demonstrates distribution of the future working lifetime of the Defined Benefit Obligation as at the reporting period.

As at 31 March	2025 Years	2024 Years
Less than 1 year	10,760,836	4,279,337
Between 1-5 years	25,108,728	14,436,760
Between 5-10years	13,521,050	10,608,961
Over 10 years	9,267,947	11,959,771
	<b>58,658,561</b>	<b>41,284,829</b>

## 37. STATED CAPITAL

### 37.1 Issued and Fully Paid-Ordinary shares

As at 31 March	2025		2024	
	No. of Shares	Rs.	No. of Shares	Rs.
As at 31 March	73,693,171	1,321,097,699	73,693,171	1,321,097,699
	<b>73,693,171</b>	<b>1,321,097,699</b>	<b>73,693,171</b>	<b>1,321,097,699</b>

### 37.2 Rights of Shareholders

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share at the meeting. All shares rank equally with regard to the Company's residual assets.

## 38. RETAINED EARNINGS AND OTHER RESERVES

### 38.1 Retained Earnings

As at 31 March	2025 Rs.	2024 Rs.
As at 01 April	912,324,112	535,358,398
Dividend Paid	-	-
Profit /(Loss) for the Year	425,755,623	104,338,050
Other Comprehensive Income net of tax	(7,412,331)	2,428,225
Transfers to Statutory Reserve Fund	(21,287,781)	(5,216,903)
Transfers from Regulatory Risk Allowance Reserve	432,048,476	275,416,342
As at 31 March	<b>1,741,428,099</b>	<b>912,324,112</b>

Retained Earnings represents the undistributed earnings held by the Company to be used in the Company's operations. This could be used to absorb future possible losses or dividends payable.

### 38.2 Other Reserves

As at 31 March	2025 Rs.	2024 Rs.
Statutory Reserve Fund	321,427,006	300,139,225
Revaluation Reserve	70,068,185	65,066,685
Regulatory Risk Allowance Reserve	48,442,231	480,490,707
	<b>439,937,422</b>	<b>845,696,617</b>

#### 38.2.1 Statutory Reserve Fund

The statutory reserve fund is maintained as required by Finance Companies (Capital Funds) Direction No.1 of 2003 issued by Central Bank of Sri Lanka. As per the said Direction, every Registered Finance Company shall maintain a reserve fund, out of the net profit for each year after provisions for taxation and bad and doubtful debts. Accordingly 5% of the net profit for the year transferred to Reserve Fund as required by Section 3(b) ii of the said Direction.

As at 31 March	2025 Rs.	2024 Rs.
Balance as at 01 April	300,139,225	294,922,322
Transfers to/(from) during the year	21,287,781	5,216,903
<b>Balance as at 31 March</b>	<b>321,427,006</b>	<b>300,139,225</b>

#### 38.2.2 Revaluation Reserve

As at 31 March	2025 Rs.	2024 Rs.
Balance as at 01 April	65,066,685	62,677,935
Revaluation Surplus (Net of Tax)	5,001,500	2,388,750
<b>Balance as at 31 March</b>	<b>70,068,185</b>	<b>65,066,685</b>

\*Revaluation reserve is the result of land revaluation.

#### 38.2.3 Regulatory Risk Allowance Reserve

In terms of the section 7.0 on Classification and Measurement of Credit Facilities Direction No. 01 of 2020, ensure the following.

##### Section 7.1.3

Where the loss allowances for expected credit loss falls below the regulatory provisions (i.e., provision and accrued interest in NPL), Company shall maintain the additional loss allowance in a non-distributable regulatory loss allowance reserve (RLRA) through an appropriation of its retained earnings. The additional loss allowance shall be maintained in the RLAR at all times. When loss allowance for expected credit losses exceeds the regulatory provision, the Company may transfer the excess amount in the RLAR to its retained earnings. Company has provided the difference of regulatory provision and impairment provision as per SLFRS 09, Rs.48,442,231/- as of 31.03.2025.

As at 31 March	2025 Rs.	2024 Rs.
As at 01 April	480,490,707	755,907,049
Transfer/ (Reversal) to Regulatory Risk Allowance Reserve for the year	(432,048,476)	(275,416,342)
<b>As at 31 March</b>	<b>48,442,231</b>	<b>480,490,707</b>

## Notes to the Financial Statements (Contd.)

### 39. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

#### 39.1

As at 31 March 2025	Amortised Cost Rs.	Financial Investments FVP & L Rs.	Equity Instruments - FVOCI Rs.	Total Rs.
<b>Assets</b>				
Cash and Bank Balances	315,577,083	-	-	315,577,083
Placement With Banks	469,476,605	-	-	469,476,605
Repurchase Agreements	4,403,264	-	-	4,403,264
Loans and Advances	1,272,403,552	-	-	1,272,403,552
Lease rentals receivable & Stock out on Hire	9,797,524,125	-	-	9,797,524,125
Financial Investments at Fair Value through P&L	-	317,071,437	-	317,071,437
Equity instruments at fair value through OCI	-	-	80,400	80,400
Debt Instruments at Amortised Cost	631,753,297	-	-	631,753,297
Other Financial Assets	142,823,271	-	-	142,823,271
<b>Total Financial Assets</b>	<b>12,633,961,197</b>	<b>317,071,437</b>	<b>80,400</b>	<b>12,951,113,034</b>
<b>Liabilities</b>				
Due to Banks	4,664,275	-	-	4,664,275
Due to Customers	8,449,847,230	-	-	8,449,847,230
Other Borrowed Funds	150,362,272	-	-	150,362,272
Other Financial Liabilities	958,596,511	-	-	958,596,511
<b>Total Financial Liabilities</b>	<b>9,563,470,288</b>	<b>-</b>	<b>-</b>	<b>9,563,470,288</b>

Other than disclosed in Notes 19.2 and 20.2 there were no reclassifications or transfers of Financial Assets during the year.

#### 39.2

As at 31 March 2024	Amortised Cost Rs.	Financial Investments FVP & L Rs.	Equity Instruments - FVOCI Rs.	Total Rs.
<b>Assets</b>				
Cash and Bank Balances	160,835,567	-	-	160,835,567
Placement With Banks	1,266,431,226	-	-	1,266,431,226
Repurchase Agreements	315,294,233	-	-	315,294,233
Loans and Advances	915,609,768	-	-	915,609,768
Lease rentals receivable & Stock out on Hire	6,775,412,023	-	-	6,775,412,023
Financial Investments at Fair Value through P&L	-	591,848,876	-	591,848,876
Equity instruments at fair value through OCI	-	-	80,400	80,400
Debt Instruments at Amortised Cost	430,455,264	-	-	430,455,264
Other Financial Assets	97,810,135	-	-	97,810,135
<b>Total Financial Assets</b>	<b>9,961,848,216</b>	<b>591,848,876</b>	<b>80,400</b>	<b>10,553,777,492</b>
<b>Liabilities</b>				
Due to Banks	48,270,764	-	-	48,270,764
Due to Customers	6,366,847,674	-	-	6,366,847,674
Other Borrowed Funds	615,027,140	-	-	615,027,140
Other Financial Liabilities	718,032,879	-	-	718,032,879
<b>Total Financial Liabilities</b>	<b>7,748,178,457</b>	<b>-</b>	<b>-</b>	<b>7,748,178,457</b>

There were no reclassifications or transfers of Financial Assets during the year.

## 40. FAIR VALUE OF FINANCIAL INSTRUMENTS

### Financial Instruments Recorded at Fair Value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Company's estimate of assumptions that a market participant would make when valuing the financial instruments.

The unit trust investments are valued based on the market value which is published by the unit trust itself on daily basis.

### 40.1 Determination of Fair Value and Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by Valuation techniques.

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities in the active Market.

Level 2 : Valuation technique using observable inputs: Quoted prices for similar assets and liabilities in active markets or quoted prices for identical or similar assets and liabilities in active markets and are valued using models where all significant inputs are observable.

Level 3 : Valuation techniques with significant unobservable inputs: assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

### Assets and Liabilities Measured at Fair Value - Fair Value Hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy in to which the fair value measurement is categorized.

As at 31 March 2025	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
<b>Financial Assets</b>				
<b>Financial Investments at Fair Value through P&amp;L</b>				
Investment in Unit trust	317,071,437	-	-	317,071,437
<b>Equity Instruments at Fair Value through OCI</b>				
Unquoted Equities	-	-	80,400	80,400
<b>Total Financial Assets measured at fair value</b>	<b>317,071,437</b>	<b>-</b>	<b>80,400</b>	<b>317,151,837</b>
<b>Non Financial Assets</b>				
Freehold land & buildings (included under Property, Plant& Equipment)	-	-	125,037,500	125,037,500
<b>Total Non - Financial Assets measured at fair value</b>	<b>-</b>	<b>-</b>	<b>125,037,500</b>	<b>125,037,500</b>

## Notes to the Financial Statements (Contd.)

As at 31 March 2024	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
<b>Financial Assets</b>				
<b>Financial Investments at Fair Value through P&amp;L</b>				
Investment in Unit trust	591,848,876	-	-	591,848,876
<b>Equity Instruments at Fair Value through OCI</b>				
Unquoted Equities	-	-	80,400	80,400
<b>Total Financial Assets measured at fair value</b>	<b>591,848,876</b>	<b>-</b>	<b>80,400</b>	<b>591,929,276</b>
<b>Non Financial Assets</b>				
Freehold land & buildings (included under Property, Plant& Equipment)	-	-	117,892,500	117,892,500
<b>Total Non - Financial Assets measured at fair value</b>	<b>-</b>	<b>-</b>	<b>117,892,500</b>	<b>117,892,500</b>

There were no financial liabilities recorded at fair value as at 31 March 2025 & 2024.

There were no transfers between Level 1 and Level 2 during 2025 & 2024.

#### 40. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD.)

##### 40.2 Fair Value of Financial Assets and Liabilities Not Carried at Fair Value

Set out below is the comparison, by class, of the carrying amounts of Fair Values of the Company's Financial Instruments that are not carried at Fair Value in the Financial Statements. This table does not include the Fair Values of Non- Financial Assets and Non- Financial Liabilities.

	Carrying Amount Rs.	2025 Fair Value			Carrying Amount Rs.	2024 Fair Value			Total Rs.
		Level 01 Rs.	Level 02 Rs.	Level 03 Rs.		Level 01 Rs.	Level 02 Rs.	Level 03 Rs.	
<b>Financial Assets</b>									
Loans and Advances	1,272,403,552	-	-	1,671,820,216	915,609,768	-	-	1,294,610,434	1,294,610,434
Lease rentals receivable & Stock out on Hire	9,797,524,125	-	-	10,494,199,969	6,775,412,023	-	-	7,054,754,471	7,054,754,471
Debt instruments at amortised cost	631,753,297	-	-	631,753,297	430,455,264	-	-	430,455,264	430,455,264
Other Financial Assets	142,823,271	-	-	142,823,271	97,810,135	-	-	97,810,135	97,810,135
	<b>11,844,504,245</b>	<b>-</b>	<b>-</b>	<b>12,940,596,753</b>	<b>8,219,287,190</b>	<b>-</b>	<b>-</b>	<b>8,877,630,304</b>	<b>8,877,630,304</b>
<b>Financial Liabilities</b>									
<b>Due to Banks</b>									
Due to Banks	4,664,275	-	-	4,664,275	48,270,764	-	-	48,270,764	48,270,764
Due to Customers	8,449,847,230	-	-	8,747,911,345	6,366,847,674	-	-	6,503,098,957	6,503,098,957
Other Borrowed Funds	150,362,272	-	-	150,362,272	615,027,140	-	-	786,879,651	786,879,651
	<b>8,604,873,777</b>	<b>-</b>	<b>-</b>	<b>8,902,937,892</b>	<b>7,030,145,578</b>	<b>-</b>	<b>-</b>	<b>7,338,249,372</b>	<b>7,338,249,372</b>

The following describes the methodologies and assumptions used to determine the Fair Values for those Financial Assets & Liabilities which are not already recorded at fair value in the Financial Statements:

## Notes to the Financial Statements (Contd.)

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### Fixed Rate Financial Instruments

Carrying amounts are considered as Fair Values for short term credit facilities. All credit facilities with fixed interest rates were fair valued using market rates at which fresh credit facilities were granted during the last month of the reporting year. Conversely, fixed deposits with remaining tenors above one year and interest paid at maturity were discounted using current market rates offered to customers during the last month of the reporting year.

### Assets & Liabilities for which Fair Value Approximates Carrying Value

The Following is a list of Financial Investments whose carrying amount is a reasonable approximation of Fair Value. Because for example, they are short-term in nature or reprice to current market rates Frequently:

#### Assets

Cash and Bank Balances  
Placement With Banks  
Repurchase Agreements

#### Liabilities

Other Financial Liabilities

### Reclassification of Financial Assets

There have been no reclassifications during 2024/2025.

## 41. RISK MANAGEMENT DISCLOSURES

### 41.1 Introduction

Risk is inherent in a financial business and such risks are managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

The Company is exposed to credit risk, interest rate risk, liquidity risk, operational risk, the latter being subdivided into regulatory & compliance risk, reputation risk and environmental risk. The independent risk control process does not include business risks such as changes in the environment, technology and industry.

The Company's policy is to monitor those business risks through the Company's strategic planning process.

### 41.2 Risk Management Structure

The Board is primarily responsible for risk management initiatives. Integrated Risk Management Committee (IRMC), which is a sub-committee of the Board has been established and delegated risk management responsibilities. This Committee plays a vital role in establishing best practices in relation to risk policies and practices within the company.

The quantum and level of risks that the Company is willing to accept is decided at the IRMC level, and the decisions made by this Committee are communicated to the Board of Directors. The Board ratifies the risk policies and risk tolerance levels agreed at the Integrated Risk Management Committee meetings.

The Committee fulfils the requirement set out in the Finance Companies Direction No. 5 of 2021 on Corporate Governance issued by Central Bank of Sri Lanka (CBSL) under Finance Business Act No. 42 of 2011.

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The Committee consists of Three Non Executive Directors and the Chairman of the committee is an Independent Non executive Director who is one of Three members.

IRMC is supported by two sub committees such as Assets and Liabilities Committee (ALCO) and Credit Committee (CC). ALCO is entrusted with the identification and managing of Market Risk and Liquidity Risk where as CC is responsible for managing Assets Quality and credit policy of the Company.

The Company's policy is to ensure that risk management processes throughout the Company are audited by the Internal Audit function, which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit division discusses the results of all assessments with management, and reports its findings and recommendations to the Board Audit Committee.

#### **41.3 Risk measurement & Reporting System and Risk Mitigation**

The positioning map of each risk component is placed within the risk grid. Tolerance levels are set by using sustainable measurements and these are discussed at risk management meetings. The risk console indicates the severity of each component of risk.

#### **41.4 Credit Risk**

Credit risk refers to the risk that borrowers will default on any type of debt by failing to disruption to cash flows, and increased collection costs. The loss may be complete or partial and can arise in a number of circumstances to make payments they are obligated to do. The risk of loss of principal or loss of a financial reward stems from a borrower's failure to repay a loan or otherwise meet a contractual obligation. The risk is primarily that of the lender and includes lost principal and interest.

Credit risk is closely tied to the potential return, the most notable being that the yields on portfolios correlate strongly to their perceived credit risk. The strategy of Company is not to eliminate risk, but to maintain the same within pre-determined acceptance levels. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

##### **41.4.1 Impairment Assessment**

The methodology of the impairment assessment has explained in Note 3.1.10 under Accounting policies. The references below should be read in conjunction with those Accounting policies.

##### **41.4.1 (a) Definition of default and Significant increase in credit risk**

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Company's historical experience and expert credit assessment and including forward looking information. The Company considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due.

Credit-Impaired Financial Assets At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



## Notes to the Financial Statements (Contd.)

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Company considers treasury and interbank balances defaulted and takes immediate action when the required intra day payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- \* Internal assessment of the borrower indicating default or near-default
- \* The borrower requesting emergency funding from the Company
- \* The borrower having past due liabilities to public creditors or employees
- \* The borrower is deceased
- \* A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- \* A material decrease in the borrower's turnover or the loss of a major customer
- \* A covenant breach not waived by the Company
- \* The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- \* Debtor's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

This approach ensures the volume of exposures in stage 2 reflects a forward-looking view of the economy and not just what is observable as at the reporting date.

**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:

The post-model adjustments considered evaluating management overlays by assessing the aged facilities with the age of more than 3 years for the 100% provisioning. The post model adjustment as at 31 March 2025 increased the loss-allowance by Rs. 514,120,699/- in the current year. The management's policy for recognition of 100% impairment on aged facilities has been modified to 3 years in arrears from 8 years in arrears during the financial year 31 March 2025. As a result additional provision amount into Rs.346,477,880 has been charged during the year.

#### 41.4.1 (c) Assessment of Expected Credit Losses

41.4.1(c) Analysis of the total allowance for expected credit losses is as follows.

As at 31 March	2025			
	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Loans and Advances	(18,511,632)	(8,465,854)	(394,842,348)	(421,819,834)
Lease Rentals Receivable & Stock Out on Hire	(197,069,552)	(71,313,448)	(760,270,886)	(1,028,653,886)
Other Debtors	-	-	(31,221,535)	(31,221,535)
<b>Total Allowance for Expected Credit Losses</b>	<b>(215,581,184)</b>	<b>(79,779,302)</b>	<b>(1,186,334,769)</b>	<b>(1,481,695,255)</b>

As at 31 March	2024			
	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Loans and Advances	(17,768,343)	(14,604,523)	(350,265,159)	(382,638,025)
Lease Rentals Receivable & Stock Out on Hire	(129,261,522)	(73,920,461)	(652,397,371)	(855,579,354)
Other Debtors	-	-	(50,241,961)	(50,241,961)
<b>Total Allowance for Expected Credit Losses</b>	<b>(147,029,865)</b>	<b>(88,524,984)</b>	<b>(1,052,904,491)</b>	<b>(1,288,459,340)</b>

The methodology used in the determination of expected credit losses is explained in Note 3.1.10 to Financial Statements.

#### 41.4.1(d) Analysis of gross carrying amount contribution to the change in ECL allowance

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount Rs.	ECL Rs.	Gross carrying amount Rs.	ECL Rs.	Gross carrying amount Rs.	ECL Rs.	Gross carrying amount Rs.	ECL Rs.
Balance as at 1.4.2024	4,441,446,897	147,029,866	1,453,688,901	88,524,984	3,034,103,372	1,052,904,490	8,929,239,171	1,288,459,340
New assets originated or purchased	6,784,399,002	171,441,633	1,189,072,671	54,777,898	224,421,557	74,400,482	8,197,893,230	300,620,013
Payments and assets derecognised	(2,445,230,267)	(116,516,538)	(943,250,419)	(68,606,358)	(971,916,511)	324,072,605	(4,360,397,196)	138,949,708
Write-off	-	-	-	-	(246,333,806)	(246,333,806)	(246,333,806)	(246,333,806)
Transfers to stage 1	443,503,112	39,345,000	(360,181,252)	(22,369,254)	(83,321,859)	(16,975,745)	-	-
Transfers to stage 2	(630,516,193)	(22,108,405)	704,493,180	36,772,341	(73,976,987)	(14,663,936)	-	-
Transfers to stage 3	(101,797,258)	(3,610,372)	(138,717,350)	(9,320,308)	240,514,607	12,930,680	-	-
<b>Balance as at 31 March 2025</b>	<b>8,491,805,293</b>	<b>215,581,184</b>	<b>1,905,105,731</b>	<b>79,779,303</b>	<b>2,123,490,373</b>	<b>1,186,334,770</b>	<b>12,520,401,399</b>	<b>1,481,695,255</b>

## Notes to the Financial Statements (Contd.)

### 41.4.1(e) Movement of the total allowance for expected credit losses during the period

As at 31 March	2025 Rs.	2024 Rs.
Balance as at 01 April	1,288,459,340	1,166,472,050
Charge/(Reversal) to Income Statement (Note 9)	408,337,325	382,424,951
Reclassification	31,232,396	-
Write- off during the year	(246,333,806)	(260,437,661)
<b>Balance as at 31 March</b>	<b>1,481,695,255</b>	<b>1,288,459,340</b>

### 41.4.1(f) Sensitivity Analysis : Impact of increase/(Decrease) of loss rate by 1% on collective allowance for expected credit losses

If the loss rates used by the Company in determining collective impairment has increased / decreased by below mentioned rates, ECL provision of the company as at 31 March 2025 would have increased / decreased as follows.

Scenario	Increase to the ECL provision	Decreased to the ECL provision
Changing of loss rate used by the Company - 1%	35,993,971	(35,993,971)
Changing of loss rate used by the Company - 2%	71,987,941	(71,987,941)

### 41.4.1(g) Loans past due but not impaired

A loan is considered past due when a counterparty has not made a payment by the contractual due date. The following table presents the carrying value of loans that are contractually past due but not classified as impaired because they are less than 90 days past due. Loans past due 30 days or less are not presented in this analysis as they are not administratively considered past due.

As at 31 March 2025	2025		
	31-60 Days Rs.	61-89 Days Rs.	Total Rs.
Loans and Advances	131,744,660	70,917,747	202,662,407
Lease Rentals Receivable & Stock Out on Hire	1,142,708,504	559,734,817	1,702,443,321
	<b>1,274,453,164</b>	<b>630,652,564</b>	<b>1,905,105,728</b>

As at 31 March 2024	2024		
	31-60 Days Rs.	61-89 Days Rs.	Total Rs.
Loans and Advances	92,726,106	41,075,361	133,801,467
Lease Rentals Receivable & Stock Out on Hire	846,690,187	473,197,247	1,319,887,434
	<b>939,416,293</b>	<b>514,272,608</b>	<b>1,453,688,901</b>

#### 41.4.1(h) Overview of rescheduled loans and advances (except individually impaired loans and advances)

As at 31 March 2025	2025				
	Gross Carrying Value		Allowance for ECL		Net Carrying Value
	Stage 3	Total	Stage 3	Total	
Loans and Advances	33,007,105	33,007,105	17,883,424	17,883,424	15,123,681
Lease Rentals Receivable & Stock Out on Hire	183,910,797	183,910,797	50,840,950	50,840,950	133,069,847
	216,917,902	216,917,902	68,724,374	68,724,374	148,193,528

As at 31 March 2024	2024				
	Gross Carrying Value		Allowance for ECL		Net Carrying Value
	Stage 3	Total	Stage 3	Total	
Loans and Advances	28,452,161	28,452,161	10,444,317	10,444,317	18,007,844
Lease Rentals Receivable & Stock Out on Hire	389,562,861	389,562,861	89,366,639	89,366,639	300,196,222
	418,015,022	418,015,022	99,810,956	99,810,956	318,204,066

## Notes to the Financial Statements (Contd.)

### 41.4.2 Maximum Exposure to Credit risk

The following table shows the maximum exposure to credit risk by class of Financial Asset and the value of Financial Assets covered by the collateral.

Type of Collateral	Percentage of Exposure that is subject to collateral requirement %	Maximum Exposure to Credit Risk Rs.	Fair Value of Collateral Held				Total Collateral Value Rs.	Net Exposure to Credit Risk Rs.
			Cash / Near Cash Rs.	Property Mortgages Rs.	Moveable Assets * Rs.	Other ** Rs.		
<b>As at 31 March 2025</b>								
Cash and Bank Balances (Excluding cash in hand)	-	272,403,216	-	-	-	-	-	272,403,216
Placement With Banks	-	469,476,605	-	-	-	-	-	469,476,605
Repurchase Agreements	-	4,403,264	-	-	-	-	-	4,403,264
Loans and Advances	99	1,694,223,386	348,374,351	616,510,000	2,216,522,811	664,919,844	3,846,327,006	-
Lease rentals receivable & Stock out on hire	100	10,826,122,237	-	-	18,590,271,849	37,055,220	18,627,327,069	-
Equity instruments at fair value through OCI	-	80,400	-	-	-	-	-	80,400
Debt instruments at amortised cost	-	631,753,297	-	-	-	-	-	631,753,297
Other Financial assets	-	142,823,271	-	-	-	-	-	142,823,271
		<b>14,041,285,676</b>	<b>348,374,351</b>	<b>616,510,000</b>	<b>20,806,794,660</b>	<b>701,975,064</b>	<b>22,473,654,075</b>	<b>1,520,940,053</b>

#### 41.4.2.1 Collateral of credit impaired assets

	Exposure to Credit Risk Rs.	Cash / Near Cash Rs.	Property Mortgages Rs.	Moveable Assets * Rs.	Other ** Rs.	Total Value Rs.	Net Exposure to Credit Risk Rs.
As at march 2025	463,383,168	-	436,700,000	624,637,142	369,625,000	1,430,962,142	-
As at march 2024	499,421,191	-	253,975,000	24,275,000	26,400,000	304,650,000	194,771,191

#### 41.4.2.1 Collateral of credit impaired assets (Contd.)

Type of Collateral	Percentage of Exposure that is subject to collateral requirement	Maximum Exposure to Credit Risk	Fair Value of Collateral Held			Other **	Total Collateral Value	Net Exposure to Credit Risk
			Cash / Near Cash	Property Mortgages	Moveable Assets *			
As at 31 March 2024	%	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and Bank Balances (Excluding cash in hand)	-	106,685,343	-	-	-	-	-	106,685,343
Placement With Banks	-	1,266,431,226	-	-	-	-	-	1,266,431,226
Repurchase Agreements	-	315,294,233	-	-	-	-	-	315,294,233
Loans and Advances	99	1,298,247,793	591,528,895	580,010,500	725,386,000	-	1,896,925,395	-
Lease rentals receivable & Stock out on hire	100	7,630,935,603	-	-	10,305,300,363	-	10,305,300,363	-
Equity instruments at fair value through OCI	-	80,400	-	-	-	-	-	80,400
Debt instruments at amortised cost	-	430,455,264	-	-	-	-	-	430,455,264
Other Financial assets	-	97,810,135	-	-	-	-	-	97,810,135
		11,145,939,997	591,528,895	580,010,500	11,030,686,363	-	12,202,225,758	2,216,756,601

\* Movable assets includes absolute ownership/ mortgage over motor vehicles and Machineries & Equipments.

\*\* Other collateral includes secured by consumer durables & title deed transfers (Real Estate Loans).

# Notes to the Financial Statements (Contd.)

## 41.4.2.2 Financial Investments

### (a) Placement with Banks

As at 31 March	2025	2024	2025	2024
	Rating		Rs.	Rs.
Seylan Bank	A+	A-	256,116,164	94,199,509
BOC Bank	AA-	A	102,314	95,391
DFCC Bank	A	A-	101,017,123	-
People's Leasing & Finance	A	A+	101,017,123	261,079,016
Sampath Bank	AA-	A	11,223,881	104,930,833
Commercial Bank	AA-	A	-	391,775,279
NDB Bank	A	A-	-	414,351,198
			<b>469,476,605</b>	<b>1,266,431,226</b>

### (b) Cash and Bank Balances

Cash and cash equivalents comprise of cash in hand and cash at bank and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments. The cash and cash equivalents are held with the following commercial banks.

Bank	Rating
BOC	AA-
Cargils	A
Commercial	AA-
DFCC	A
HNB	AA-
NDB	A
NTB	A
PABC	BBB
Sampath	AA-
Seylan	A+
Union	BBB-
Peoples	AA-

#### 41.4.3 Credit Quality by Class of Financial Assets

The amounts presented are gross of Impairment allowances.

As at 31 March 2025	Neither Past Due nor Individually Impaired Rs.	Past Due Not Individually Impaired Rs.	Individually Impaired Rs.	Total Rs.
<b>Assets</b>				
Cash and Bank Balances	315,577,083	-	-	315,577,083
Placement With Banks	469,476,605	-	-	469,476,605
Repurchase Agreements	4,403,264	-	-	4,403,264
Loans and Advances	633,373,116	692,305,357	368,544,913	1,694,223,386
Lease Rentals Receivable & Stock Out on Hire	5,324,394,896	5,406,944,859	94,838,255	10,826,178,011
Debt instruments at amortised cost	631,753,297	-	-	631,753,297
Other Financial Assets	106,918,458	31,221,535	-	138,139,993
<b>Total</b>	<b>7,485,896,719</b>	<b>6,130,471,751</b>	<b>463,383,168</b>	<b>14,079,751,639</b>

As at 31 March 2024	Neither Past Due nor Individually Impaired Rs.	Past Due Not Individually Impaired Rs.	Individually Impaired Rs.	Total Rs.
<b>Assets</b>				
Cash and Bank Balances	160,835,567	-	-	160,835,567
Placement With Banks	1,266,431,226	-	-	1,266,431,226
Repurchase Agreements	315,294,233	-	-	315,294,233
Loans and Advances	446,345,685	466,655,129	385,246,979	1,298,247,793
Lease Rentals Receivable & Stock Out on Hire	2,458,124,721	5,058,692,445	114,174,212	7,630,991,378
Debt instruments at amortised cost	430,455,264	-	-	430,455,264
Other Financial Assets	71,436,556	50,241,962	-	121,678,518
<b>Total</b>	<b>5,149,003,652</b>	<b>5,575,589,536</b>	<b>499,421,191</b>	<b>11,224,014,379</b>



## Notes to the Financial Statements (Contd.)

41.4.3.1 Aging Analysis of past due(i.e. facilities in arrears of 1 day and above) but not individually impaired loans by class of Financial Assets as at the end of the relevant financial period.

As at 31 March 2025	Past Due but Not Individually Impaired				
	1 to 30 Days	31 to 60 Days	61 to 90 Days	More than 91 Days	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Loans and Advances	324,838,095	131,744,660	70,917,747	164,804,855	692,305,357
Lease Rentals Receivable & Stock Out on Hire	2,209,048,888	1,142,708,504	559,734,817	1,495,452,650	5,406,944,859
Other Financial Assets	-	-	-	31,221,535	31,221,535
	<b>2,533,886,983</b>	<b>1,274,453,164</b>	<b>630,652,564</b>	<b>1,691,479,040</b>	<b>6,130,471,751</b>

Aging Analysis of past due(i.e. facilities in arrears of 1 day and above) but not individually impaired loans by class of financial assets as at the previous financial period.

As at 31 March 2024	Past Due but Not Individually Impaired				
	1 to 30 Days	31 to 60 Days	61 to 90 Days	More than 91 Days	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Loans and Advances	150,237,577	92,726,106	41,075,361	182,616,085	466,655,129
Lease Rentals Receivable & Stock Out on Hire	1,386,738,914	846,690,187	473,197,247	2,352,066,096	5,058,692,445
Other Financial Assets	-	-	-	50,241,962	50,241,962
	<b>1,536,976,491</b>	<b>939,416,293</b>	<b>514,272,608</b>	<b>2,584,924,143</b>	<b>5,575,589,536</b>

#### 41.4.4 Analysis of Risk Concentration

The following table shows the risk concentration by sector for the Financial Assets components of the Statement of Financial Position.

As at 31 March 2025	Cash and Bank Balances	Placement With Banks	Securities Purchased under Repurchase Agreement	Loans and Advances	Lease rentals receivable & Stock Out on Hire	Financial Investment at fair value through P&L	Equity instruments at fair value through OCI	Debt instruments at amortised cost	Other Financial Assets	Total Financial Assets
Purpose wise Breakdown	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Agriculture	-	-	-	22,424,492	1,326,648,025	-	-	-	-	1,349,072,517
Manufacturing	-	-	-	89,734,928	658,953,508	-	-	-	-	748,688,436
Construction	-	-	-	109,225,743	585,137,853	-	-	-	-	694,363,596
Financial Services	315,577,083	469,476,605	-	34,011,109	70,898,711	317,071,437	80,400	-	-	1,207,115,345
Trading	-	-	-	114,247,224	378,216,237	-	-	-	-	492,463,461
Government	-	-	-	-	-	-	-	-	-	636,156,561
Hotels	-	-	-	15,308,272	134,015,709	-	-	631,753,297	-	149,323,980
Services	-	-	-	396,423,609	561,059,796	-	-	-	-	957,483,406
Others	-	-	-	912,848,009	7,111,248,172	-	-	-	142,823,271	8,166,919,452
Total	315,577,083	469,476,605	4,403,264	1,694,223,386	10,826,178,011	317,071,437	80,400	631,753,297	142,823,271	14,401,586,754

As at 31 March 2024	Cash and Bank Balances	Placement With Banks	Securities Purchased under Repurchase Agreement	Loans and Advances	Lease rentals receivable & Stock Out on Hire	Financial Investment at fair value through P&L	Equity instruments at fair value through OCI	Debt instruments at amortised cost	Other Financial Assets	Total Financial Assets
Purpose wise Breakdown	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Agriculture	-	-	-	19,612,918	10,824,333	-	-	-	-	30,437,251
Manufacturing	-	-	-	31,152,111	12,871,494	-	-	-	-	44,023,605
Construction	-	-	-	51,398,059	4,335,127	-	-	-	-	55,733,186
Financial Services	160,835,567	1,266,431,226	-	48,221,297	4,041,991	591,848,876	80,400	-	-	2,071,459,357
Trading	-	-	-	31,356,197	15,067,717	-	-	-	-	46,423,914
Government	-	-	-	-	-	-	-	430,455,264	-	745,749,497
Hotels	-	-	-	22,854,039	4,052,028	-	-	-	-	26,906,067
Services	-	-	-	306,397,262	34,828,254	-	-	-	-	341,225,516
Others	-	-	-	404,617,885	6,689,391,080	-	-	-	97,810,135	7,191,819,100
Total	160,835,567	1,266,431,226	315,294,233	915,609,768	6,775,412,024	591,848,876	80,400	430,455,264	97,810,135	10,553,777,493

## Notes to the Financial Statements (Contd.)

### 41.5 Interest Rate Risk

Interest rate risk is a key constitute of the market risk exposure of the Company due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows and / or the fair values of financial instruments. Several factors give rise to interest rate risk; among these are term structure risk, which arises due to the mismatches in the maturities of assets and liabilities; basis risk which is the threat to income arises due to differences in the bases of interest rates.

Excessive movements in market interest rate could result in severe volatility to company's net interest income and net interest margin. Company's exposure to interest rate risk is primarily associated with factors such as;

- Reprising risk arising from a fixed rate borrowing portfolio where reprising frequency is different to that of the lending portfolio.
- Yield curve risk arising from unanticipated shifts of the market yield curve.

Assets and Liabilities Committee of the company is having the primary responsibility of managing the Interest Rate Risk. Interest rate risk is managed principally through minimizing interest rate sensitive asset liability gaps. In order to ensure interest rate margin and spreads are maintained, the Company conducts periodic reviews and re-prices its assets accordingly.

- The company borrowings rate with associated with the fixed rate.

### 41.5.2 Interest Rate Risk

#### Interest Rate Risk Exposure on Non Trading Financial Assets & Liabilities

The table below analyses the company's interest rate risk exposure on non- trading financial assets & liabilities. The company's assets & liabilities are included at carrying amount categorized by the earlier of contractual reprising or maturity dates as at the end of the relevant financial period.

	Up to 03 Months	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Non interest bearing	Total as at 31 March 2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Assets</b>							
Cash and Bank Balances	162,963,860	-	-	-	-	152,613,223	315,577,083
Placement with Banks	469,374,292	102,314	-	-	-	-	469,476,605
Securities Purchased under Repurchase Agreement	4,403,264	-	-	-	-	-	4,403,264
Loans and Advances	839,875,213	97,080,213	218,196,147	114,014,552	3,237,427	-	1,272,403,552
Lease Rentals Receivable & Stock out on Hire	1,811,489,709	2,930,760,105	4,465,251,915	590,022,397	-	-	9,797,524,125
Financial Investments at Fair Value through P&L	317,071,437	-	-	-	-	-	317,071,437
Debt instruments at amortised cost	478,982,810	152,770,487	-	-	-	-	631,753,297
Other Financial Assets	-	-	-	-	-	142,823,271	142,823,271
<b>Total Financial Assets</b>	<b>4,084,160,585</b>	<b>3,180,713,119</b>	<b>4,683,448,062</b>	<b>704,036,948</b>	<b>3,237,427</b>	<b>295,436,494</b>	<b>12,951,032,634</b>
<b>Liabilities</b>							
Due to Banks	4,664,275	-	-	-	-	-	4,664,275
Due to Customers	2,533,675,021	4,060,711,090	1,442,925,092	412,536,028	-	-	8,449,847,231
Other Borrowed Funds	-	150,362,272	-	-	-	-	150,362,272
Other Financial Liabilities	-	-	-	-	-	958,596,511	958,596,511
<b>Total Financial Liabilities</b>	<b>2,538,339,296</b>	<b>4,211,073,362</b>	<b>1,442,925,092</b>	<b>412,536,028</b>	<b>-</b>	<b>958,596,511</b>	<b>9,563,470,288</b>
<b>Total Interest Sensitivity Gap</b>	<b>1,545,821,289</b>	<b>(1,030,360,243)</b>	<b>3,240,522,970</b>	<b>291,500,921</b>	<b>3,237,427</b>	<b>(663,160,017)</b>	<b>3,387,562,346</b>

### 41.5.2.1 Interest Rate Risk

#### Interest Rate Risk Exposure on Non Trading Financial Assets & Liabilities

The table below analyses the company's interest rate risk exposure on non-trading financial assets & liabilities. The Company's assets & liabilities are included at carrying amount categorized by the earlier of contractual reprising or maturity dates as at the end of the previous financial period.

	Up to 03 Months	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Non interest bearing	Total as at 31 March 2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Assets</b>							
Cash and Bank Balances	54,275,275	-	-	-	-	106,560,292	160,835,567
Placement with Banks	1,260,667,844	5,763,382	-	-	-	-	1,266,431,226
Securities Purchased under Repurchase Agreement	315,294,233	-	-	-	-	-	315,294,233
Loans and Advances	596,198,570	77,916,006	153,802,498	78,022,633	9,670,059	-	915,609,766
Lease Rentals Receivable & Stock out on Hire	1,335,912,664	2,171,118,894	3,109,552,660	158,827,805	-	-	6,775,412,023
Financial Investments at Fair Value through P&L	591,848,876	-	-	-	-	-	591,848,876
Debt instruments at amortised cost	430,455,264	-	-	-	-	-	430,455,264
Other Financial Assets	-	-	-	-	-	97,810,135	97,810,135
<b>Total Financial Assets</b>	<b>4,584,652,726</b>	<b>2,254,798,282</b>	<b>3,263,355,158</b>	<b>236,850,438</b>	<b>9,750,459</b>	<b>204,370,427</b>	<b>10,553,777,490</b>
<b>Liabilities</b>							
Due to Banks	48,270,764	-	-	-	-	-	48,270,764
Due to Customers	2,934,851,354	1,893,548,733	1,060,034,552	478,413,035	-	-	6,366,847,674
Other Borrowed Funds	-	133,613,863	427,033,465	54,379,812	-	-	615,027,140
Other Financial Liabilities	-	-	-	-	-	718,032,879	718,032,879
<b>Total Financial Liabilities</b>	<b>2,983,122,118</b>	<b>2,027,162,596</b>	<b>1,487,068,017</b>	<b>532,792,847</b>	<b>-</b>	<b>718,032,879</b>	<b>7,748,178,457</b>
<b>Total Interest Sensitivity Gap</b>	<b>1,601,530,608</b>	<b>227,635,686</b>	<b>1,776,287,141</b>	<b>(295,942,409)</b>	<b>9,750,459</b>	<b>(513,662,452)</b>	<b>2,805,599,033</b>

### 41.6 Liquidity Risk

Liquidity risk refers to the availability of sufficient cash balances to meet the demand on deposits and new lending targets as well as provide a flow of net liquid assets to meet contractual borrowings and other commitments. Liquidity risk is financial risk due to uncertain liquidity. An institution might lose liquidity if it experiences sudden unexpected cash outflows, or some other event causes counterparties to avoid trading with or lending to the institution. A firm is also exposed to liquidity risk if markets on which it depends are subject to loss of liquidity. The Company's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles, including periods of financial stress. To achieve this objective the asset and liability management committee (ALCO) analyses and monitors liquidity risk, and maintains an adequate margin of safety in liquid assets.

The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs. In addition, the Company maintains the liquidity ratio prescribed by Central Bank of Sri Lanka.

# Notes to the Financial Statements (Contd.)

## 41.6.1 Statutory Liquid Asset Ratio

As per the requirements of Finance companies (Liquid Assets) Direction No.4 of 2013 the Company has to maintain minimum liquid assets comprises of 10% of Time Deposits and Certificates of Deposits at the close of the business on such day and 15% of Savings Deposits at the close of the business on such day. In addition to the above, with effect from 01st July, 2014 the company needs to maintain 10% on Borrowings which are not included in the Tier –II capital base and borrowings which are not secured by mortgage of any assets. Further the Company has to maintain liquid assets in the form of Sri Lanka Government Securities not less than 7.5% of average month end total deposit liabilities and the above said borrowings of twelve months of the preceding financial year.

The Company maintained a healthy statutory liquid asset ratio throughout the year. The Company considers cash balances, Favorable Balances held with Commercial Banks on demand deposits, Placement with banks in the form of Time Deposits and Savings, Investment in Treasury Bills, Securities Purchased under Repurchase Agreement are considered as Liquid Assets for the purpose Statutory Liquid Asset Ratio calculation.

	Statutory Liquid Asset Ratio	
	2025	2024
Maximum	28.47%	32.30%
Minimum	13.34%	15.45%
Average	22.39%	25.25%
Closing	15.92%	32.30%

## 41.6.2 Advances to Deposits ratio

The Company stresses the importance of maintaining an adequate Customer Deposit Base such as Time and Savings Deposits as sources of funds to finance Loans and Advances. They are monitored using the Advances to Deposits ratio which comprises accommodations to customers as a percentage of customer deposits.

	Advances to Deposits Ratio	
	2025	2024
Maximum	138.53%	176.87%
Minimum	122.48%	140.25%
Average	132.02%	159.93%
Closing	132.32%	140.25%

#### 41.6.3 Contractual Maturities of Undiscounted Cash Flows of Financial Assets & Financial Liabilities

41.6.3.1 The table below analyses the maturity profile of the undiscounted cash flows of the Company's Financial Assets & Liabilities as at the end of relevant financial period.

	On Demand Rs.	Up to 03 Months Rs.	03-12 Months Rs.	01-02 Years Rs.	02-03 Years Rs.	03-04 Years Rs.	04-05 Years Rs.	Over 05 Years Rs.	Total as at 31 March 2025 Rs.
<b>Assets</b>									
Cash and Bank Balances	315,577,083	-	-	-	-	-	-	-	315,577,083
Placement With Banks	-	469,374,291	102,314	-	-	-	-	-	469,476,605
Securities Purchased under Repurchase Agreement	-	4,403,264	-	-	-	-	-	-	4,403,264
Loans and Advances	798,403,042	61,784,408	148,920,454	169,686,993	126,040,914	90,644,358	38,236,222	3,461,854	1,437,178,245
Lease rentals receivable & Stock out on Hire	813,595,482	1,721,583,419	4,578,538,273	4,104,414,286	1,886,545,171	549,647,142	146,437,976	-	13,800,761,749
Financial Investments at Fair Value through P&L	317,071,437	-	-	-	-	-	-	-	317,071,437
Equity instruments at fair value through OCI	-	-	-	-	-	-	-	80,400	80,400
Debt instruments at amortised cost	-	478,982,810	152,770,487	-	-	-	-	-	631,753,297
Other Financial Assets	-	10,650,715	107,293,458	3,160,000	12,116,793	900,000	2,085,000	6,617,305	142,823,271
<b>Total Financial Assets</b>	<b>2,244,647,044</b>	<b>2,746,778,907</b>	<b>4,987,624,986</b>	<b>4,277,261,279</b>	<b>2,024,702,878</b>	<b>641,191,500</b>	<b>186,759,198</b>	<b>10,159,559</b>	<b>17,119,125,351</b>
<b>Liabilities</b>									
Due to Banks	4,664,275	-	-	-	-	-	-	-	4,664,275
Due to Customers	105,213,908	2,458,848,510	4,250,504,038	1,173,694,469	337,115,711	273,646,595	149,693,092	-	8,748,716,323
Other Borrowed Funds	-	150,362,272	-	-	-	-	-	-	150,362,272
Other Financial Liabilities	-	14,948,529	598,189,183	231,706,384	32,534,677	18,771,617	21,464,361	105,462,303	1,023,077,053
<b>Total Financial Liabilities</b>	<b>109,878,183</b>	<b>2,624,159,311</b>	<b>4,848,693,221</b>	<b>1,405,400,853</b>	<b>369,650,388</b>	<b>292,418,212</b>	<b>171,157,453</b>	<b>105,462,303</b>	<b>9,926,819,923</b>
	2,134,768,861	122,619,596	138,931,765	2,871,860,426	1,655,052,490	348,773,288	15,601,745	(95,302,744)	7,192,305,428

## Notes to the Financial Statements (Contd.)

### 41.6.3 Contractual Maturities of Undiscounted Cash Flows of Financial Assets & Financial Liabilities

41.6.3.2 The table below analyses the maturity profile of the undiscounted cash flows of the Company's Financial Assets & Liabilities as at the end of previous financial period.

	On Demand	Up to 03 Months	03-12 Months	01-02 Years	02-03 Years	03-04 Years	04-05 Years	Over 05 Years	Total as at 31 March 2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Assets</b>									
Cash and Bank Balances	160,835,567	-	-	-	-	-	-	-	160,835,567
Placement With Banks	108,971,709	1,167,946,809	6,010,792	-	-	-	-	-	1,282,929,309
Securities Purchased under Repurchase Agreement	-	315,294,233	-	-	-	-	-	-	315,294,233
Loans and Advances	559,696,153	53,064,715	117,915,164	123,262,156	88,800,341	58,462,597	31,602,757	10,023,933	1,042,827,816
Lease rentals receivable & Stock out on Hire	601,536,766	1,203,147,946	3,216,114,562	2,912,499,700	999,090,492	164,857,910	15,173,837	-	9,112,421,213
Financial Investments at Fair Value through P&L	591,848,876	-	-	-	-	-	-	-	591,848,876
Equity instruments at fair value through OCI	-	-	-	-	-	-	-	80,400	80,400
Debt instruments at amortised cost	-	449,999,838	-	-	-	-	-	-	449,999,838
Other Financial Assets	-	5,719,466	71,436,556	3,625,000	-	13,016,792	-	4,012,321	97,810,135
<b>Total Financial Assets</b>	<b>2,022,889,071</b>	<b>3,195,173,007</b>	<b>3,411,477,074</b>	<b>3,039,386,856</b>	<b>1,087,890,833</b>	<b>236,337,299</b>	<b>46,776,594</b>	<b>14,116,654</b>	<b>13,054,047,388</b>
<b>Liabilities</b>									
Due to Banks	48,270,764	-	-	-	-	-	-	-	48,270,764
Due to Customers	41,351,327	2,897,971,406	2,015,879,744	914,384,697	216,960,372	224,479,846	275,882,645	-	6,586,910,037
Other Borrowed Funds	-	170,769,231	358,443,097	153,741,748	-	-	-	-	682,954,076
Other Financial Liabilities	-	16,467,674	463,392,598	208,469,664	12,593,349	33,968,105	8,095,310	58,489,857	801,476,558
<b>Total Financial Liabilities</b>	<b>89,622,091</b>	<b>3,085,208,311</b>	<b>2,837,715,439</b>	<b>1,276,596,109</b>	<b>229,553,721</b>	<b>258,447,951</b>	<b>283,977,955</b>	<b>58,489,857</b>	<b>8,119,611,435</b>
	<b>1,933,266,980</b>	<b>109,964,696</b>	<b>573,761,635</b>	<b>1,762,790,747</b>	<b>858,337,112</b>	<b>(22,110,652)</b>	<b>(237,201,361)</b>	<b>(44,373,203)</b>	<b>4,934,435,953</b>

## 41.7 Operational Risk

An operational risk is the risk arising from execution of a company's business functions. The concept of operational risk is broad and focuses on the risks arising from the people, systems and processes through which a company operates. It also includes other categories such as fraud risks, regulatory and compliance risks, reputation and physical or environmental risks.

## 41.8 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.

## 42. MATURITY ANALYSIS (CONTRACTUAL)

42.1 An analysis of the Total Assets employed and Total Liabilities at the year end, based on the remaining term at the date of the Statement of Financial Position to the respective contractual maturity dates are given below.

	On Demand	Up to 03 Months	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Total as at 31 March 2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Assets</b>							
Cash and Bank Balances	315,577,083	-	-	-	-	-	315,577,083
Placement With Banks	-	469,374,291	102,314	-	-	-	469,476,605
Securities Purchased under Repurchase Agreement	-	4,403,264	-	-	-	-	4,403,264
Loans and Advances	798,403,042	41,472,172	97,080,213	218,196,147	114,014,551	3,237,427	1,272,403,552
Lease rentals receivable & Stock out on Hire	813,595,482	997,894,226	2,930,760,105	4,465,251,915	590,022,397	-	9,797,524,125
Financial Investments at Fair Value through P&L	317,071,437	-	-	-	-	-	317,071,437
Equity instruments at fair value through OCI	-	-	-	-	-	80,400	80,400
Debt instruments at amortised cost	-	478,982,810	152,770,487	-	-	-	631,753,297
Other Financial Assets	-	10,650,715	107,293,458	15,276,793	2,985,000	6,617,305	142,823,271
Real Estate Stock	-	-	-	39,483,688	-	-	39,483,688
Other Non Financial Assets	-	58,362,244	18,075,121	10,219,380	-	-	86,656,745
Property, Plant & Equipment	-	-	-	-	-	208,255,870	208,255,870
Intangible Assets	-	-	-	681,668	9,803,542	8,984,432	19,469,642
Right-of-use Assets	-	11,263,579	30,529,570	62,402,358	26,312,010	49,440,378	179,947,895
<b>Total Assets</b>	<b>2,244,647,044</b>	<b>2,072,403,301</b>	<b>3,336,611,268</b>	<b>4,811,511,949</b>	<b>743,137,500</b>	<b>276,615,812</b>	<b>13,484,926,874</b>
<b>Liabilities</b>							
Due to Banks	4,664,275	-	-	-	-	-	4,664,275
Due to Customers	105,213,908	2,428,461,113	4,060,711,089	1,442,925,092	412,536,028	-	8,449,847,230
Other Borrowed Funds	-	150,362,272	-	-	-	-	150,362,272
Other Financial Liabilities	-	10,590,045	586,378,565	242,215,564	25,099,257	94,313,080	958,596,511
Other Non Financial Liabilities	-	94,622,412	-	-	-	-	94,622,412
Current Tax Liabilities	-	-	265,712,394	-	-	-	265,712,394
Retirement Benefit Liability	-	-	10,760,836	25,108,728	13,521,050	9,267,946	58,658,560
<b>Total Liabilities</b>	<b>109,878,183</b>	<b>2,684,035,842</b>	<b>4,923,562,885</b>	<b>1,710,249,384</b>	<b>451,156,335</b>	<b>103,581,026</b>	<b>9,982,463,654</b>



## Notes to the Financial Statements (Contd.)

**42.1 (a) LKAS 1 requirements:** The entity is required to disclose the amount expected to be recovered or settled within 12 months and after 12 months for each asset and liability line item that combines amounts expected to be recovered or settled:

	Within 12 months		After 12 months		As at 31 March 2025 Rs.	As at 31 March 2024 Rs.
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.		
<b>Assets</b>						
Cash and Bank Balances	315,577,083	160,835,567	-	-	315,577,083	160,835,567
Placement With Banks	469,476,605	1,266,431,226	-	-	469,476,605	1,266,431,226
Securities Purchased under Repurchase Agreement	4,403,264	315,294,233	-	-	4,403,264	315,294,233
Loans and Advances	936,955,427	674,114,578	335,448,125	241,495,191	1,272,403,552	915,609,768
Lease rentals receivable & Stock out on Hire	4,742,249,813	3,507,031,557	5,055,274,312	3,268,380,465	9,797,524,125	6,775,412,022
Financial Investments at Fair Value through P&L	317,071,437	591,848,876	-	-	317,071,437	591,848,876
Equity instruments at fair value through OCI	-	-	80,400	80,400	80,400	80,400
Debt instruments at amortised cost	631,753,297	430,455,264	-	-	631,753,297	430,455,264
Other Financial Assets	117,944,174	-	24,879,098	97,810,135	142,823,272	97,810,135
Real Estate Stock	-	-	39,483,688	40,273,387	39,483,688	40,273,387
Other Non Financial Assets	76,437,365	-	10,219,380	62,438,913	86,656,745	62,438,913
Property, Plant & Equipment	-	-	208,255,870	189,209,476	208,255,870	189,209,476
Intangible Assets	-	1,864,594	19,469,642	20,307,957	19,469,642	22,172,551
Right-of- use Assets	41,793,148	37,463,387	138,154,746	104,985,730	179,947,894	142,449,117
Deferred tax assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>7,653,661,613</b>	<b>6,985,339,282</b>	<b>5,831,265,261</b>	<b>4,024,981,654</b>	<b>13,484,926,874</b>	<b>11,010,320,936</b>
<b>Liabilities</b>						
Due to Banks	4,664,275	48,270,764	-	-	4,664,275	48,270,764
Due to Customers	6,594,386,110	4,828,400,087	1,855,461,120	1,538,447,586	8,449,847,230	6,366,847,673
Other Borrowed Funds	150,362,272	560,647,328	-	54,379,812	150,362,272	615,027,140
Other Financial Liabilities	596,968,610	-	361,627,901	718,032,879	958,596,511	718,032,879
Other Non Financial Liabilities	94,622,412	64,773,615	-	-	94,622,412	64,773,615
Current Tax Liabilities	265,712,394	58,471,051	-	-	265,712,394	58,471,051
Retirement Benefit Liability	10,760,836	4,279,337	47,897,724	37,005,492	58,658,560	41,284,829
Deferred Tax Liabilities	-	18,494,556	-	-	-	18,494,556
<b>Total Liabilities</b>	<b>7,717,476,909</b>	<b>5,583,336,738</b>	<b>2,264,986,745</b>	<b>2,347,865,769</b>	<b>9,982,463,654</b>	<b>7,931,202,507</b>

**42.2** An analysis of the Total Assets employed and Total Liabilities at the year end, based on the remaining term at the end of the previous financial period to the respective contractual maturity dates are given below.

	On Demand	Up to 03 Months	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Total as at 31 March 2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Assets</b>							
Cash and Bank Balances	160,835,567	-	-	-	-	-	160,835,567
Placement With Banks	108,971,709	1,151,731,795	5,727,722	-	-	-	1,266,431,226
Securities Purchased under Repurchase Agreement	-	315,294,233	-	-	-	-	315,294,233
Loans and Advances	559,696,153	36,502,418	77,916,006	153,802,498	78,022,632	9,670,061	915,609,768
Lease rentals receivable & Stock out on Hire	601,536,766	734,375,896	2,171,118,894	3,109,552,660	158,827,808	-	6,775,412,024
Financial Investments at Fair Value through P&L	591,848,876	-	-	-	-	-	591,848,876
Equity instruments at fair value through OCI	-	-	-	-	-	80,400	80,400
Debt instruments at amortised cost	-	430,455,264	-	-	-	-	430,455,264
Other Financial Assets	-	5,719,466	71,436,556	3,625,000	13,016,792	4,012,321	97,810,135
Real Estate Stock	-	-	-	40,273,387	-	-	40,273,387
Other Non Financial Assets	-	27,862,565	18,315,588	16,260,760	-	-	62,438,913
Property, Plant & Equipment	-	-	-	-	-	189,209,476	189,209,476
Intangible Assets	-	-	1,864,594	2,209,669	12,171,765	5,926,525	22,172,553
Right-of- use Assets	-	9,405,218	28,058,166	64,749,534	21,748,734	18,487,462	142,449,114
<b>Total Assets</b>	<b>2,022,889,071</b>	<b>2,711,346,855</b>	<b>2,374,437,526</b>	<b>3,390,473,508</b>	<b>283,787,731</b>	<b>227,386,244</b>	<b>11,010,320,936</b>
<b>Liabilities</b>							
Due to Banks	48,270,764	-	-	-	-	-	48,270,764
Due to Customers	41,351,327	2,893,500,027	1,893,548,733	1,060,034,552	478,413,035	-	6,366,847,674
Other Borrowed Funds	-	133,613,863	427,033,465	54,379,812	-	-	615,027,140
Other Financial Liabilities	-	11,375,526	449,251,444	192,449,591	24,658,087	40,298,231	718,032,879
Other Non Financial Liabilities	-	64,773,615	-	-	-	-	64,773,615
Current Tax Liabilities	-	-	58,471,051	-	-	-	58,471,051
Retirement Benefit Liability	-	-	4,279,337	14,436,760	10,608,961	11,959,771	41,284,829
Deferred Tax Liabilities	-	-	18,494,556	-	-	-	18,494,556
<b>Total Liabilities</b>	<b>89,622,091</b>	<b>3,103,263,031</b>	<b>2,851,078,586</b>	<b>1,321,300,715</b>	<b>513,680,083</b>	<b>52,258,002</b>	<b>7,931,202,508</b>

## 43. COMMITMENTS AND CONTINGENCIES

### 43.1 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.

As at 31 March	2025 Rs.	2024 Rs.
<b>Operating Lease Commitments</b>		
Future Rentals of Operating Lease	350,053,016	179,042,173

## Notes to the Financial Statements (Contd.)

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### 43.2 Contingent Liabilities

There is no Contingent Liabilities as at 31st March 2025.

### 43.3 Capital Commitments

The Company has no commitments for acquisition of Property, Plant & Equipment and Intangible assets incidental to the ordinary course of business.

## 44. CAPITAL

The Company maintains an activity managed capital basis to cover risks inherent in the business and meet the capital adequacy requirements of Central Bank of Sri Lanka. The adequacy of the company's capital is monitored based on the measures, rules and ratios adopted by Central Bank of Sri Lanka.

### 44.1 Capital Management

The primary objective of Company's capital management policy is to ensure that the company complies with externally imposed capital requirements and healthy capital ratios in order to support its business and to maximize shareholders' value.

Direction of No.02 of 2017 issued under the Finance Business Act as amended up to 31 December 2020 requires a finance company to have a minimum core capital of Rs.2.5 Bn where as concerning with the regulatory Risk Allowance Reserve, Abans Finance PLC has been imposed a deposit cap of Rs.6.5 Bn which was lifted by Central bank of Sri Lanka effective from 17th July 2024 upon the fulfilment of core capital requirement by reaching up to 2.53 Bn by the end of the Financial year 31.03.2024. With the removal of the deposit cap as explained above, the company doesn't have any restriction to accept public deposits. Further, company has 3.3 Bn in core capital by 31.03.2025.

### 44.2 Capital Adequacy

Capital adequacy is a measure of financial institution's financial strength and stability. This is a widely accepted concept, tries to specify the limit up to which a business can expand in terms of its risk-weighted assets. Finance companies in pursuit of business expansion, could engage themselves in activities that regularly change their risk profile. In light of this, regulatory capital requirements have been established to avoid undue expansion beyond specified limits keeping a hold on company's exposure to risk. Capital serves as a comfort to absorb unexpected losses, providing a degree of security to depositors and other key stakeholders.

This measure has been introduced by the Central Bank of Sri Lanka to protect the interest of the various stakeholders of the Company while ensuring the maintenance of confidence and stability of the financial system.

The Capital Adequacy ratio is calculated as a percentage on company's capital to its risk weighted assets as specified by the direction No 03 of 2018 with effect from 1st July 2018.

Based on the Direction No. 03 of 2018 the Listed Finance Companies which are having asset base less than 100 Billion need to be have minimum Core Capital Ratio (Tier-I) of 8.5% and a Total Capital Ratio of 12.5% with effect from 1st July 2022.

The Core Capital represents the permanent shareholders' equity and reserves created or increase by appropriations of retained earnings or other surpluses and the total capital includes in addition to the core capital, the revaluation reserves, general provisions and other hybrid capital instruments and unsecured subordinated debts.

The Risk Weighted Assets have been calculated by multiplying the value of each category of asset using the risk weight specified by the Central Bank of Sri Lanka.

As at 31 March	2025 %	2024 %
<b>Capital Adequacy Ratio</b>		
Core Capital ratio	22.68	21.81
Total Capital ratio	22.68	21.81

#### 45. ASSETS PLEDGED

Total financial assets recognised in the statement of financial position that had been pledged as collateral for liabilities at 31 March '2025 and 2024 is shown as follows,

Nature of Assets	Nature of Liability	Carrying Amount of Pledged Assets		Included Under
		2025 Rs.	2024 Rs.	
Placement With Banks	Bank Overdraft	65,860,533	93,214,748	Placement With Banks
Lease & Hire Purchase Receivables	Securitized Borrowings	333,439,988	1,713,924,034	Lease Rental Receivables and Stock Out on Hire
		<b>399,300,521</b>	<b>1,807,138,782</b>	

\*\*The Company has received collaterals that it is permitted to sell or repledge in the absence of default.

#### 46. EVENTS AFTER THE REPORTING DATE

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date of the financial statements are authorised for issue.

There are no events occurring after the reporting date which require adjustments to or disclosure in the financial statements as at 31 March 2025.

#### 47. RELATED PARTY TRANSACTIONS

The Company carried out transactions with key management and their related concerns and other related entities in the ordinary course of its business with the parties who are defined as Sri Lanka Accounting Standard No.24 Related Party Disclosure, details of which are reported below. such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers.

Outstanding balances as at the year-end are unsecured, interest free, and due on demand. There have been no guarantees provided or received for any related party receivables or payables.

Details of related party transactions during the year are as follows:

# Notes to the Financial Statements (Contd.)

## 47.1 The Parent

Abans PLC owns 50.22% (2024- 50.22%) shareholding of the Company.

## 47.2 The Ultimate Parent

Abans International (Pvt) Ltd is the ultimate parent of Abans Finance PLC.

## 47.3 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard-LKAS 24 (Related Party Disclosures), Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. According to the above definition a person cannot be considered as a KMP unless such person has both the authority and responsibility to carry out all of the three activities mentioned in the above definition (i.e. planning, directing and controlling the activities of the entity). Such KMPs include the Board of Directors of the Company and Chief Executive Officer (CEO) and the KMPs of Abans PLC.

Other related parties include CFMs of the KMPs who are family members who may be expected to influence or be influenced by that KMP in their dealings with the entity.

As at 31 March	2025 Rs.	2024 Rs.
Compensation to Key Management Personnel		
Short Term Employee Benefits	35,399,748	28,960,460
Post-employment benefits	2,250,000	2,250,000
	37,649,748	31,210,460

As at 31 March	2025 Rs.	2024 Rs.
Other transactions with Key Management Personnel		
Fixed Deposits accepted during the year	45,200,000	95,645,000
Fixed Deposits held at the end of the year	205,224,980	218,557,261
Consultancy Fee paid during the year	-	-

In addition to the above, the Company has also provided non-cash benefits such as vehicle & fuel allowance to Key Management Personnel in line with the approved employment benefits of the Company.

## Loans and Advances granted

No loans or advances were given to Key Managerial Personnel and their close family members during the year. (2024/2025- Nil).

**47.4** Transactions with entities that are controlled, jointly controlled or significantly influenced by Key Management Personnel or their close member of family, or shareholders who have either control, significant influences or joint control over entity.

For the year ended 31 December	Abans PLC Parent Company		Abans Auto (Pvt) Ltd Affiliate Company		Abans Transport (Pvt) Ltd Affiliate Company		Other Related Parties **		Total	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Nature of Transaction</b>										
Fixed Deposits Accepted during the year	-	-	-	-	-	-	15,000,000	-	15,000,000	-
Fixed Deposits held at the end of the year	-	-	-	-	-	-	58,758,063	1,030,192	58,758,063	1,030,192
<b>As at 1 April</b>	3,846,487	4,864,349	41,484,377	2,081,590	4,121,209	4,121,209	(3,082,027)	(1,293,780)	34,352,299	(2,244,380)
Purchase of Motor Bikes - Lease Granting	-	-	895,286,619	52,762,603	-	-	-	-	895,286,619	52,762,603
Collections made on behalf of Abans Finance	502,186,038	519,121,988	-	-	-	-	-	-	502,186,038	519,121,988
Expense on collection commission	(2,529,409)	(2,633,909)	-	-	-	-	-	-	(2,529,409)	(2,633,909)
Support Services Expenses	-	-	-	-	-	-	(21,378,357)	(20,304,409)	(21,378,357)	(20,304,409)
Rent Income Recognized & Expense Recoveries	(3,379,845)	(3,088,412)	-	-	-	-	-	-	(3,379,845)	(3,088,412)
Settlements Paid/(Received)	(491,703,216)	(514,417,528)	(900,698,582)	(13,359,816)	(4,121,209)	-	21,665,298	18,516,162	(1,374,857,710)	(509,261,182)
<b>As at 31 March</b>	<b>8,420,055</b>	<b>3,846,488</b>	<b>36,072,414</b>	<b>41,484,377</b>	<b>-</b>	<b>4,121,209</b>	<b>(2,795,086)</b>	<b>(3,082,027)</b>	<b>29,679,636</b>	<b>34,352,299</b>
<b>Included in</b>									<b>2025 Rs.</b>	<b>2024 Rs.</b>
Loans and Advances									-	4,121,209
Other Financial Assets									9,414,815	4,573,566
Other Financial Liabilities									(39,862,260)	(45,293,481)
									<b>(30,447,445)</b>	<b>(36,598,706)</b>

**\*\*Other Related Parties include the following companies**

- Abans Graphics (Pvt) Ltd
- Abans Retail (Pvt) Ltd
- Abans Electricals PLC (Service Department)
- AB Logistics (Pvt) Ltd
- ABS Gardiner Dixon Hall International (Pvt) Ltd
- Abans Environment Services (Pvt) Ltd
- ABS Courier (Pvt) Ltd
- Abans Office Automation (Pvt) Ltd
- AB Creation (Pvt) Ltd
- Add Outdoor Advertising (Pvt) Ltd
- Advantage Technologies (Pvt) Ltd
- Abans Marketing (Pvt) Ltd
- Ironwood Investments Holdings (Pvt) Ltd
- Elizabeth Moir School
- ATARAH CAPITAL (PVT) LTD
- Abans Logistics (Pvt) Ltd

Other Related Parties are companies controlled / jointly controlled / significantly influenced by Key Management Personnel.

## Notes to the Financial Statements (Contd.)

### 48. FINANCIAL REPORTING BY SEGMENT

For the year ended 31 March	Leasing		Hire Purchase		Term Loans		Others		Total	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interest Income	2,711,455,154	2,183,046,938	433,089	733,006	178,590,386	193,622,499	142,053,986	228,899,514	3,032,532,615	2,606,301,957
Fee Based Income & Others	311,929,173	174,136,442	13,736,550	8,116,480	9,429,493	6,381,303	15,674,306	20,245,794	350,769,522	208,880,018
Unallocated Income	-	-	-	-	-	-	73,907,675	48,025,954	73,907,675	48,025,954
<b>Total Revenue</b>	<b>3,023,384,327</b>	<b>2,357,183,380</b>	<b>14,169,639</b>	<b>8,849,486</b>	<b>188,019,879</b>	<b>200,003,802</b>	<b>231,635,967</b>	<b>297,171,262</b>	<b>3,457,209,812</b>	<b>2,863,207,930</b>
Interest Expenses	(682,811,521)	(955,844,734)	(1,670,800)	(3,080,014)	(90,367,598)	(140,947,954)	(166,308,996)	(293,980,993)	(941,158,915)	(1,303,853,695)
Fee Based Expenses & Others	(5,120,366)	-	-	-	226,065	157,000	(29,943,971)	(30,402,970)	(34,838,272)	(30,402,970)
Impairment Reversal / (Provision)	369,193,827	92,051,501	756,366	285,372	38,387,132	47,235,674	-	242,852,403	(408,337,325)	(382,424,950)
<b>Net Operating Income</b>	<b>2,704,646,267</b>	<b>1,493,390,147</b>	<b>13,255,205</b>	<b>6,054,844</b>	<b>136,265,478</b>	<b>106,448,522</b>	<b>35,383,000</b>	<b>215,482,702</b>	<b>2,072,875,300</b>	<b>1,056,526,315</b>
Unallocated Expenses	-	-	-	-	-	-	-	-	(1,369,247,634)	(947,113,472)
<b>Profits/ (Loss) before Tax</b>	-	-	-	-	-	-	-	-	<b>703,627,666</b>	<b>109,412,843</b>
Income Tax expenses	-	-	-	-	-	-	-	-	(277,872,043)	(5,074,789)
<b>Net Profit / (Loss) for the period</b>	-	-	-	-	-	-	-	-	<b>425,755,623</b>	<b>104,338,054</b>
Other Comprehensive Income	-	-	-	-	-	-	-	-	(2,410,831)	4,816,975
<b>Total Comprehensive Income for the Year</b>	-	-	-	-	-	-	-	-	<b>423,344,792</b>	<b>109,155,029</b>
Segment Assets	9,776,980,249	6,755,501,875	20,543,876	19,910,148	1,272,403,552	915,609,768	1,422,704,602	2,604,029,599	12,492,632,279	10,295,051,390
Unallocated Assets	-	-	-	-	-	-	-	-	992,294,546	715,269,546
<b>Total Assets</b>	<b>9,776,980,249</b>	<b>6,755,501,875</b>	<b>20,543,876</b>	<b>19,910,148</b>	<b>1,272,403,552</b>	<b>915,609,768</b>	<b>1,422,704,602</b>	<b>2,604,029,599</b>	<b>13,484,926,875</b>	<b>11,010,320,936</b>
Unallocated Liabilities	-	-	-	-	-	-	-	-	9,982,463,655	7,931,202,508
<b>Total Liabilities</b>	-	-	-	-	-	-	-	-	<b>9,982,463,655</b>	<b>7,931,202,508</b>
<b>For the year ended 31 March</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Additions to non-current assets	36,184,071	26,898,080	76,032	79,275	4,709,096	3,645,643	5,265,352	10,368,348	46,234,551	40,991,346
Additions to intangible assets	3,561,462	3,299,624	7,484	9,725	463,499	447,216	518,249	1,271,899	4,550,692	5,028,464
Additions to right of use assets	82,027,142	25,909,872	172,360	76,363	10,675,242	3,511,705	11,936,241	9,987,426	104,810,984	39,485,366
Cash flows from operating activities	(447,807,530)	1,407,826,516	(940,955)	4,149,216	(58,278,924)	190,810,355	(65,163,048)	542,672,030	(572,190,458)	2,145,458,117
Cash flows from investing activities	96,183,049	(320,342,077)	202,105	(944,128)	12,517,531	(43,417,697)	13,996,148	(123,481,610)	122,898,833	(488,185,512)
Cash flows from financing activities	(317,797,689)	(796,986,771)	(667,772)	(2,348,919)	(41,359,080)	(108,019,935)	(46,244,569)	(307,212,873)	(406,069,109)	(1,214,568,498)

# Value Addition

## Financial Value Addition

For the year ended 31 March	2025 Rs.'000	%	2024 Rs.'000	%
<b>Value Added</b>	3,418,058	-	2,831,793	-
Cost of Services	(1,448,174)	-	(1,808,836)	-
<b>Value added by financial services</b>	4,866,232	-	1,022,957	-
Net gain / (loss) from trading	39,151	-	31,415	-
Impairment	(408,337)	-	(382,425)	-
<b>Total Value Added</b>	<b>5,313,721</b>	<b>-</b>	<b>671,947</b>	<b>-</b>
<b>Value Allocated</b>				
Employees as Remuneration	569,215	11%	383,237	57%
Government as Taxes	525,611	10%	109,710	16%
Shareholders as Dividend				
<b>Retained within the Business</b>				
As depreciation & amortization	80,117	2%	74,662	11%
As reserves	425,756	8%	104,338	16%
<b>Total Value Allocated</b>	<b>5,313,721</b>	<b>30%</b>	<b>671,947</b>	<b>100%</b>

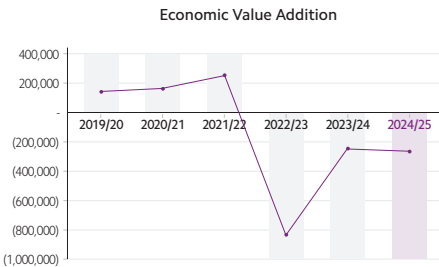
## Economic Value Added (EV)

Responsibility towards Economic Value Addition is the core of the business strategy that adds value to our stakeholders comprising equity holders, customers, employees and finally the entire community.

For the year Ended 31 March	2025 Rs.'000	2024 Rs.'000
Shareholders' Funds	3,502,463	3,079,118
Accumulated Provision for Impairment chargers	1,481,695	1,288,459
	<b>4,984,158</b>	<b>4,367,578</b>
<b>Profit Attributable to</b>		
Shareholders	425,756	104,338
Add-Impairment Provision	408,337	382,425
	<b>834,093</b>	<b>486,763</b>
<b>Economic Cost</b>		
Average treasury Bill rate + 2% Risk Premium	11.50%	16.80%
Economic Cost	573,178	733,753
Economic Value Addition	<b>(260,915)</b>	<b>(246,990)</b>



## Value Addition (Contd.)



### Capital Adequacy

For a financial institution, capital is a safeguard against insolvency. It is available to absorb unpredicted losses consequently the Company can continue in business. The Central Bank of Sri Lanka (CBSL) sets and monitors capital requirements for licensed finance companies in Sri Lanka. Thus, the Company's operations are directly supervised by the CBSL and the Company is required to comply with Directions on Risk Weighted Capital Adequacy Ratio issued by CBSL. Licensed Finance Companies in Sri Lanka need to maintain a minimum Capital Adequacy Ratio (CAR)

of 12.5 percent and a Core Capital Ratio (Tier 1) of at least 8.5 percent.

Tier 1 Capital Ratio, %	$\frac{\text{Tier 1 Capital}}{\text{Total Risk Weighted Amount}}$
Total Capital Ratio, %	$\frac{\text{Tier 1 Capital}}{\text{Total Risk Weighted Amount}}$

### Tier I -Core Capital

The Tier I core capital mainly consist of shareholder's equity (paid up shares/common stock) and reserves created or increased by appropriations of retained earnings or other surpluses, i.e. retained profits and other reserves.

### Tier II-Supplementary capital

The Tier II supplementary capital representing revaluation reserves approved by CBSL, general provisions and other capital instruments which combine certain characteristics of equity and debt, such as subordinated term debt.

31st March	2025	2024
Total Tier I core capital (After adjustments) (Rs.'000)	3,364,483	2,511,388
Total Capital Base (After adjustments) (Rs.'000)	3,364,483	2,511,388
Total Risk Weighted Amount for Credit Risk (Rs.'000)	14,832,484	11,512,640
Core Capital Tier I Capital Ratio (Minimum 8.5%)	22.68	21.81
Total Risk Weighted Capital Ratio (Minimum 12.5%)	22.68	21.81

Both Tier Capital ratio and Total Capital ratio stood at 22.68% as of 31st March 2025. These ratios have been increased under the reversal of regulatory loss allowance and by net profits earned for the period.

As result this constant performance has contributed to an increase in Tier 1 Capital and Total Capital.

# Ten Year Summary

## Statement of Profit or Loss and Other Comprehensive Income

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Income	3,457,209,812	2,863,207,931	2,857,850,498	2,122,022,274	1,841,057,823	2,037,875,523	1,978,548,890	1,917,670,594	1,620,506,380	1,317,233,363
Interest Income	3,032,532,615	2,606,301,957	2,651,738,774	1,932,052,226	1,686,328,068	1,838,845,339	1,820,102,486	1,711,585,707	1,494,673,696	1,189,278,894
Interest Expense	-941,158,915	-1,393,853,695	-1,230,834,777	-547,034,438	-654,608,734	-876,732,041	-860,326,072	-813,594,238	-623,639,761	-481,221,503
Net Interest Income	2,091,373,700	1,212,448,262	1,420,903,996	1,385,017,788	1,031,719,333	962,113,298	959,776,414	897,991,469	871,033,935	708,057,391
Fee and Commission Income	350,540,958	208,700,499	190,985,038	161,686,573	129,899,513	185,760,201	144,729,403	185,717,691	104,114,176	111,586,810
Fee and Commission Expenses	-34,838,272	-30,402,970	-26,548,114	-21,674,477	-22,341,043	-13,633,994	-74,074,243	-143,550,479	-84,747,252	-76,888,915
Net Fee and Commission Income	315,702,686	178,297,529	164,436,924	140,012,096	107,558,470	172,126,207	70,655,160	42,167,212	19,366,924	34,697,895
Net Gain/(Loss) from Trading	39,151,386	31,415,061	2,650,600	6,443,343	320,000	240,800	206,400	1,676,964	948,394	-582,293
Other Operating Income(Net)	34,984,853	16,790,414	12,476,087	21,840,132	24,510,242	13,029,183	13,510,601	18,690,232	20,770,114	16,949,952
<b>Total Operating Income</b>	<b>2,481,212,625</b>	<b>1,438,951,266</b>	<b>1,600,467,606</b>	<b>1,553,313,359</b>	<b>1,164,108,045</b>	<b>1,147,509,488</b>	<b>1,044,148,576</b>	<b>960,525,877</b>	<b>912,119,367</b>	<b>759,122,945</b>
Impairment(Charge)/Reversal (Prov. For Bad Debts)	-408,337,325	-382,424,952	-82,156,789	-130,500,395	-108,266,753	-333,253,807	-301,980,973	-223,102,119	-189,369,393	-225,840,117
Net Operating Income	2,072,875,300	1,056,526,314	1,518,310,818	1,422,812,964	1,055,841,292	814,255,682	742,167,602	737,423,758	722,749,974	533,282,828
<b>Less: Operating Expenses</b>										
Personnel Cost	-569,215,317	-383,236,706	-399,834,362	-335,541,769	-273,473,301	-269,968,327	-239,637,004	-256,394,681	-217,088,659	-166,916,649
Other Operating Expenses	-552,293,607	-459,241,749	-435,981,286	-347,329,713	-259,488,534	-308,552,961	-321,369,195	-289,425,141	-252,936,224	-205,696,824
Operating Profit before VAT on FS	951,366,376	214,047,858	682,495,168	739,941,482	522,879,458	235,734,393	181,161,404	191,603,937	252,725,091	160,669,355
Value Added Tax on Financial Services	-247,738,710	-104,635,017	-149,266,744	-124,703,277	-95,713,451	-81,785,541	-70,281,850	-58,654,511	-55,318,763	-30,188,461
Profit before Taxation from Operations	703,627,666	109,412,841	533,228,423	615,238,205	427,166,007	153,948,852	110,879,553	132,949,426	197,406,328	130,480,894
Income Tax Expenses	-277,872,043	-5,074,791	-178,165,932	-184,929,414	-139,975,056	-50,521,758	-87,158,231	-38,085,738	-63,842,188	-40,356,230
<b>Profit for the year</b>	<b>425,755,623</b>	<b>104,338,050</b>	<b>355,062,491</b>	<b>430,308,791</b>	<b>287,190,951</b>	<b>103,427,095</b>	<b>23,721,323</b>	<b>94,863,688</b>	<b>133,564,140</b>	<b>90,124,664</b>

## Ten Year Summary (Contd.)

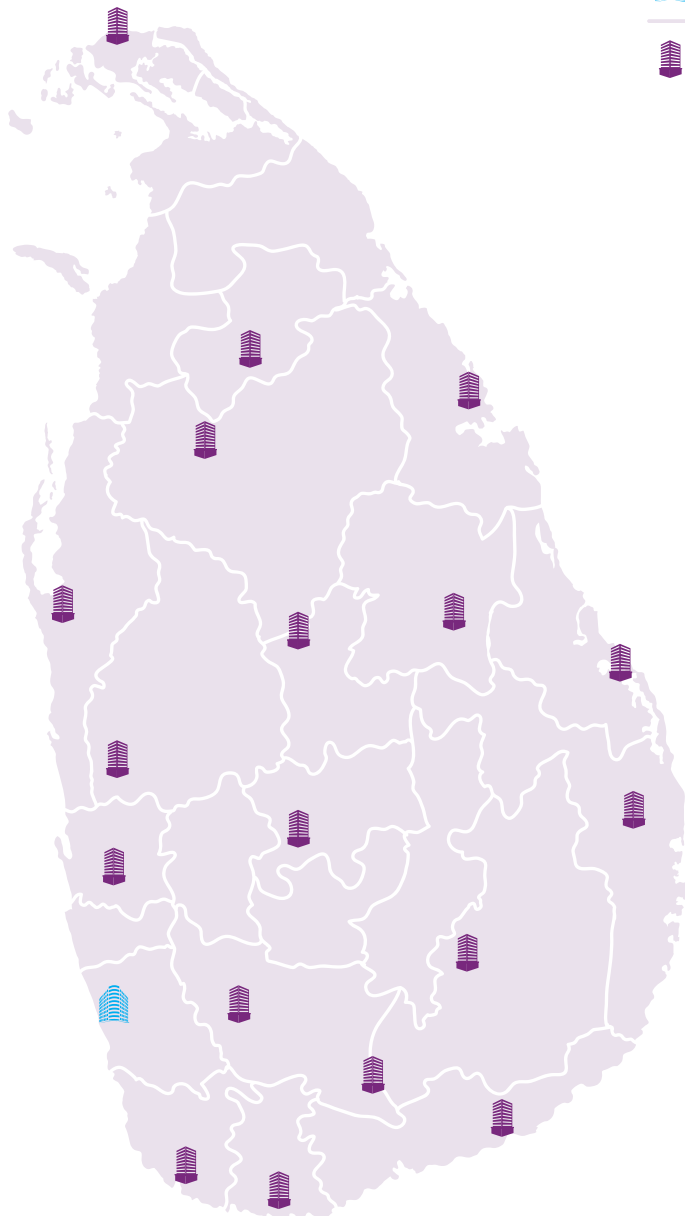
### Statement of Financial Position

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Assets</b>										
Cash and Bank Balances	315,577,083	160,835,567	371,545,331	183,803,274	226,092,543	146,941,688	263,517,684	405,474,541	376,968,804	73,385,295
Placements with Banks	469,476,605	1,266,431,226	433,981,434	485,662,416	207,264,972	204,354,154	249,659,017	550,601,090	384,100,772	224,098,165
Investment in Government Securities	636,156,561	745,749,497	985,023,965	842,208,469	955,919,868	504,564,284	517,451,563	601,878,210	489,382,853	651,828,340
Financial Investment- Held for Trading	317,071,437	591,848,876	8,613,335	291,202,975	-	-	-	-	7,624,408	6,915,241
Loans and Advances	1,272,403,552	915,609,768	1,019,648,501	1,109,139,474	1,379,508,592	1,920,095,538	2,127,780,588	2,447,085,638	2,145,676,031	1,188,546,845
Lease Rentals Receivable & Stock Out on Hire	9,797,524,125	6,775,412,023	7,787,483,346	6,999,758,895	6,027,133,949	5,854,327,613	5,261,624,352	4,547,537,098	3,679,965,646	3,596,251,779
Equity Instruments at Fair Value Through OCI	80,400	80,400	80,400	80,400	80,400	80,400	80,400	80,400	80,400	80,400
Real Estate and Vehicle Stock	39,483,688	40,273,387	38,468,202	32,066,726	31,066,726	39,313,213	50,793,213	58,049,675	66,050,693	83,066,481
Other Assets	229,480,016	160,249,048	200,827,629	168,781,661	149,132,408	160,440,683	235,590,140	163,968,168	149,232,541	171,697,004
Tax Recoverable	-	-	-	-	-	-	-	19,422,858	20,800,270	-
Intangible Assets	19,469,643	22,172,553	23,126,958	27,950,766	33,866,422	29,339,420	32,758,835	21,098,350	22,681,042	15,608,896
Property, Plant & Equipment	208,255,870	189,209,476	168,485,710	152,722,069	146,041,713	70,332,907	85,287,696	89,641,860	85,843,673	75,811,256
Right-of-use Assets	179,947,895	142,449,114	151,375,431	175,125,283	62,490,871	81,250,333	-	-	-	-
Deferred Tax Assets	-	-	-	-	9,815,140	45,073,647	35,767,246	52,586,166	57,800,324	61,419,536
<b>Total Assets</b>	<b>13,484,926,875</b>	<b>11,010,320,936</b>	<b>11,188,660,242</b>	<b>10,468,502,408</b>	<b>9,228,413,605</b>	<b>9,056,113,880</b>	<b>8,860,310,735</b>	<b>8,957,424,054</b>	<b>7,486,207,457</b>	<b>6,148,709,247</b>
<b>Liabilities</b>										
Due to Banks & Other Financial Institutions*	155,026,547	663,297,904	1,955,110,922	2,690,704,192	1,590,866,771	1,459,510,044	932,354,136	218,381,026	213,738,920	78,114,723
Due to Customers	8,449,847,230	6,366,847,674	5,376,613,892	4,448,008,287	4,918,802,137	5,148,142,044	5,792,966,524	6,615,159,367	5,550,552,545	4,539,362,221
Other Financial Liabilities	1,053,218,923	782,806,494	621,375,096	688,692,524	551,484,161	743,854,696	574,636,384	537,343,013	496,511,915	845,112,032
Retirement Benefit Liability	58,658,560	41,284,829	37,432,542	27,600,613	27,014,926	19,435,147	17,471,181	18,912,720	15,138,320	15,249,338
Current Tax Liabilities	265,712,395	58,471,051	214,913,360	175,080,456	147,245,448	47,853,948	8,822,247	-	-	56,345,826
Deferred Tax Liability	-	18,494,556	13,251,026	13,298,360	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>9,982,463,655</b>	<b>7,931,202,508</b>	<b>8,218,696,839</b>	<b>8,043,384,432</b>	<b>7,235,413,443</b>	<b>7,418,795,879</b>	<b>7,326,250,472</b>	<b>7,389,796,126</b>	<b>6,275,941,700</b>	<b>5,534,184,141</b>
Shareholders' Funds Stated Capital	1,321,097,699	1,321,097,699	1,321,097,699	1,121,412,955	1,121,412,955	1,121,412,955	1,121,412,955	1,121,412,955	844,073,080	382,373,630
Retained Earnings	1,741,428,100	912,324,112	535,358,397	956,131,917	610,075,860	382,235,796	299,663,476	337,975,406	276,925,848	169,597,476
Other Reserves	439,937,422	845,696,617	1,113,507,307	347,573,104	261,511,347	133,669,250	112,983,832	108,239,567	89,266,829	62,554,000
Total Shareholders' Funds	3,502,463,220	3,079,118,428	2,969,963,403	2,425,117,976	1,993,000,162	1,637,318,001	1,534,060,263	1,567,627,928	1,210,265,757	614,525,106
<b>Total Liabilities and Shareholders' Funds</b>	<b>13,484,926,875</b>	<b>11,010,320,936</b>	<b>11,188,660,242</b>	<b>10,468,502,408</b>	<b>9,228,413,605</b>	<b>9,056,113,880</b>	<b>8,860,310,735</b>	<b>8,957,424,054</b>	<b>7,486,207,457</b>	<b>6,148,709,247</b>

# Branch Network

 **Head Office**  
Colombo

 **Branch**  
Anuradhapura  
Badulla  
Jaffna  
Dambulla  
Galle  
Gampaha  
Kandy  
Kurunegala  
Matarā  
Rathnapura  
Kaduruwela  
Embilipitiya  
Ampara  
Batticaloa  
Puttalam  
Thissamaharama  
Trincomalee  
Vavuniya



## Branch Network (Contd.)

No	Branch	Category	Address	Telephone Number	Fax Number	E-mail Address	Name of the Branch Manager/ Officer In Charge	Branch Code
1	Colombo	Head Office/ Branch	No. 456, R.A. De Mel Mawatha, Colombo 03	011 2208888	011 237 5517	info@abansfinance.lk	Mr. Dinesh Dabare & Mr. Isuru Ariyathilaka	HO
2	Anuradhapura	Branch	No.03, Maithripala Senanayaka Mawatha, Anuradhapura.	025 2220679	025 2234557	anuradhapura@abansfinance.lk	Mr. Indira Basnayake	AP
3	Badulla	Branch	No. 05, New Muthiyanganaya Road, Badulla	055 2228180	055 2222101	badulla@abansfinance.lk	Mr. Hemantha Pusipakumara	BD
4	Jaffna	Branch	No.221, Power House Road, Jaffna	021 3207686	021 221 7022	jaffna@abansfinance.lk	Mr. Chandrakumar Rushanthan	CH
5	Dambulla	Branch	"Sujatha Building", Kurunegala Junction, Dambulla.	066 2285004	066 2285000	dambulla@abansfinance.lk	Mr. Nuwan Wanasinghe	DB
6	Galle	Branch	No.02, Malwatta Road, Kaluwellu, Galle.	091 2235888	091 2227122	galle@abansfinance.lk	Mr. Chaltha Ranga	GL
7	Gampaha	Branch	No. 95, Colombo Road, Gampaha	033 2215073	033 2215073	gampaha@abansfinance.lk	Mr. Anila Lokukumara	GM
8	Kandy	Branch	No.136,136/1/1, 136/2/1, 136/3/1 E.L Senanayaka Mawatha, Kandy	081 2220744	081 2205675	kandy@abansfinance.lk	Mr. Sudath Wijeratna & Mr. Sarath Wickramasinghe	KD
9	Kurunegala	Branch	No. 193/A, Colombo Road, Kurunegala	037 2228115	037 2222611	kurunegala@abansfinance.lk	Mr. Pubudu Priyasena	KG
10	Matara	Branch	No.641, 641 1/1, "Laksara Madura " Galle Road, Waligama, Matara	041 2228571	041 2238440	matara@abansfinance.lk	Mr. J. G. Chinthaka	MT
11	Ratnapura	Branch	No. 176, Main Street, Rathnapura	045 2221226	045 2226873	ratnapura@abansfinance.lk	Mr. Sampath Kumarasinghe	RT
12	Kaduruwela	Branch	No.16 and 16B in front of the Police Station, Kaduruwela	027 3900995	027 2223323	kaduruwela@abansfinance.lk	Mr. Rushan Amarathunga	KW
13	Embilitiya	Branch	No. 125A, New Town Road, Embilitiya.	047 2230267	047 2262261	embilitiya@abansfinance.lk	Mr. Udittha Rubasinghe	EB
14	Ampara	Branch	No.71, D S Senanayaka Veediya Ampara	063 2050543	063 222 3141	ampara@abansfinance.lk	Mr. Darshana Padma Kumara	AM
15	Batticaloa	Branch	No.395, Trinco Road, Batticaloa	065 2052795	065 2229799	batticaloa@abansfinance.lk	Mr. Rasalingam Ramalingam	BT
16	Puttalam	Branch	No. 138, 138A Kurunegala Road,Puttalam	032 3295105	032 2267667	puttiam@abansfinance.lk	Mr. Pradeep Madusanka	PT
17	Tissamaharama	Branch	No.211 A, Hambantota Road,Kachcheriyagama, Tissamaharama	047 2237933	047 2237937	tissamaharama@abansfinance.lk	Mr. Thisara Madushan	TS
18	Trincomalee	Branch	No.123, Inner Harbour Road, Trincomalee.	026 3207334	026 2054849	trinco@abansfinance.lk	Mr. Rajendran Jerome	TR
19	Vavuniya	Branch	No.39/A, 2nd Cross Street, Vavuniya	024 2228322	024 2228222	vavuniya@abansfinance.lk	Mr. Sivalingam Kobi	VY

# Glossary of Financial Terms

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## A

### Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and Presenting Financial Statements.

### Accrual Basis

Recognition of the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalents.

### Amortization

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

### Available for Sale (AFS)

AFS are those non-derivative financial assets that are designed as available for sale or are not classified as loans and receivable, held –to-maturity investment or financial assets at fair value through profit or loss.

## C

### Capital Adequacy

The percentage of risk-adjusted assets supported by capital as defined under the framework of risk based capital standards developed by the Bank for International Settlement (BIS) and as modified to suit local requirements by the Central Bank of Sri Lanka.

### Capital Reserves

Capital Reserves consist of revaluation reserves arising from revaluation of properties owned by the Company and Reserve Fund set aside for specific purposes defined under the Business Finance Act No.42 of 2011 which is not available for distribution.

### Cash Equivalents

Short-term highly liquid investments those are readily convertible to known amounts of cash and which subject to an insignificant risk of changes in value.

### Collective Impairment

Impairment is measured on a collective basis for homogeneous groups of lending facilities that are not considered as individually significant.

### Contingencies

A condition or situation existing at the balance sheet date where the outcome will be confirmed only by the occurrence or non-occurrence of one or more future events.

### Commitments

Credit facilities approved but not yet utilized by the clients as at the Balance Sheet Date.

### 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 others.

### Credit Risk

Credit risk or default risk is most simply defined as the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions.

## D

### Dealing Securities

These are marketable securities acquired and held with the intention to resale over a short period of time.

### Deferred Tax

Sum set aside in the financial statements for taxation that may become payable in a financial year other than the current financial year.

### Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

## Glossary of Financial Terms (Contd.)

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### **Derecognition**

Removal of a previously recognized financial assets or financial liability from an entity's statement of financial position.

### **E**

#### **Earnings per Share (EPS)**

Profit attributable to ordinary shareholders, divided by the number of ordinary shares in issue.

#### **Effective Interest Rate (EIR)**

Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability.

#### **Effective Tax Rate**

Provision for taxation expressed as a percentage of Profit Before Tax.

#### **Events after Reporting Date**

Transactions that are not recognized as assets or liabilities in the statement of financial position, but which give rise to the contingencies and commitments.

#### **Expected Credit Loss (ECL)**

A regulatory calculation of the amount expected to be lost on an exposure using a 12 month time horizon and downturn loss estimates. ECL is calculated by multiplying the Probability of Default (a percentage) by the Exposure at Default (an amount) and Loss Given Default (a percent-age).

### **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 transaction.

### **Finance Lease**

A contract where by a lessor conveys to the lessee the right to use asset for rent over an agreed period of time which is sufficient to amortize the capital outlay of the lessor. The lessor retains ownership of asset but transfers substantially all the risks and rewards of ownership to the lessee.

### **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 Instruments**

A contract whereby a lessor conveys to the lessee the right to use an asset for rent over an agreed period of time which is sufficient to amortize the capital outlay of the lessor. The lessor retains the ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

### **Financial asset**

Any asset that is cash, an equity instrument of "another" entity or a contractual right to receive cash or another financial asset from another entity.

### **Financial instrument**

Any contract that gives rise to a financial assets of one entity and financial liability or equity instrument of another entity.

### **Financial Liabilities**

A contractual obligation to deliver cash or other financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

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## H

### Held for Trading

Debt and equity investments that are purchased with the intent of selling them within a short period of time.

### Held to Maturity Investment

A non derivative financial asset with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

### 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 the carrying amount.

### Individual Impairment

Impairment is measured on an individual basis for non-homogeneous groups of lending facilities that are considered as individually significant.

### Intangible Asset

An identifiable non-monetary asset without physical substance held for use in production/supply of goods/ services or for rental to others or for administrative purposes.

### Interest Bearing Liabilities

Liabilities on which the Company is paying interest.

### Interest Margin

Net interest income as a percentage of average interest earning assets.

### Interest Rate Risk

The risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

### Investment Securities

Securities acquired and held for yield or capital growth purposes and are usually held to maturity.

### Interest Spread

This represents the difference between the average interest rate earned and the average interest rate paid on funds.

### Interest in Suspense

Interest suspended on Non-Performing Loans, Lease, hire purchase and advances (as per CBSL Guidelines).

## K

### Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

## L

### Liquid Assets

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks and bills of exchange and Treasury Bills.

### Lifetime Expected Credit Losses

The Expected Credit Losses that result from all possible default events over the expected life of a Financial Instrument.

### Liquidity Risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.



## Glossary of Financial Terms (Contd.)

### Loan/Credit Losses and Provision

Amount set aside against possible losses on loans, advances and other credit facilities as a result of such facilities becoming partly or wholly uncollected.

### Loss Given Default (LGD)

The estimated ratio (percentage) of the loss on an exposure to the amount outstanding at default (EAD) upon default of counterparty.

## M

### Market Capitalization

Number of ordinary shares in issues multiplied by the market value of a share as at the year end.

### 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.

### Market Risk

This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, equity prices and commodity prices.

## N

### Net-Interest Income (NII)

The difference between what a Company earn on assets such as loans and securities and what it pays on liabilities such as deposits refinance funds and other borrowings.

### Non-Performing Loans (NPL)

All loans classified as Non-Performing when a payment of capital and/or interest is in arrears for 6 months or more.

### NPL Ratio (Gross)

Total Non-Performing Advances as a percentage of total advances portfolio (Net of interest in suspense).

### NPL Ratio (Net)

Total Non-Performing Advances as a percentage of total advances portfolio (Net of interest in suspense and Loan loss provision).

## 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

### Past Due

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

### Price Earnings Ratio

A valuation ratio of a company's current share price to it's per share earnings. It can be calculated by dividing the market Value per share by Earnings per share.

### Probability of Default (PD)

An internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation.

### Prudence

Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understand.

## R

### Return on Average Assets (ROA)

Net income expressed as a percentage of average total assets, used along with ROE, as a measure of profitability and as a basis of intra-industry performance comparison.

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### Revenue Reserve

Reserves set aside for future distribution and investment.

### Return on Equity (ROE)

Net income, less preferred share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

### Related Parties

Parties where one party has ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

### Related Party Transactions

A transfer of resources, services, obligations between related parties, regardless of whether a price is charged or not.

### Repurchase Agreement

Contract to sell and subsequently repurchase securities at a specific date and price.

### Risk Weighted Assets

On Balance Sheet Assets and the credit equivalent of off Balance Sheet Assets multiplied by the relevant risk weighting factors as specified by Central Bank of Sri Lanka.

### Risk Adjusted Asset

Used the calculation of risk based capital ratio. The face amount of lower risk assets is discounted using risk weighted factor in order to reflect a comparable risk per-rupee among all type of asset.

## S

### Segmental Analysis

Analysis of financial information by segments of an enterprise specifically the different industries and the different geographical areas in which it operates.

### Shareholders' Funds

Total of issued and fully paid share capital and capital and revenue reserves.

### Statutory Reserve Fund

A capital reserve created as per the provisions of the Finance Business Act No. 42 of 2011.

## T

### Tier 1 Capital

Core Capital representing permanent Shareholders' equity and reserve created or increased by appropriation of retained earnings or other surpluses.

### Tier 2 Capital

Tier 2 Capital or Supplementary Capital represents total value of Re-valuation reserves, General provisions and subordinated Debt.

### Transaction Costs

They are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

## V

### Value Added

Value of wealth created by providing financial and other related services less the cost of providing such services.

## Y

### Yield

Rate of return on an investment in percentage terms, taking in to account annual income and any changes in capital value.

## Notice of Meeting

**NOTICE IS HEREBY GIVEN** that the **NINETEENTH ANNUAL GENERAL MEETING** of **ABANS FINANCE PLC** will be held on **29th September 2025 at 10.00 am as a fully virtual meeting** for the following purposes:

1. To receive and adopt the Report of the Directors, the Audited Financial Statements of the Company for the year ended 31st March 2025 and the Report of the Auditors thereon.
2. To re-elect Mr.Pasan Thaminda Wanigasekara as a Director of the Company in terms of Article 26(05) of the Articles of Association of the Company as recomonded by the Directors.
3. To re-elect Ms.Sharini Chamalka Kulasinghe as a Director of the Company in terms of Article 26(05) of the Articles of Association of the Company as recommended by the Directors.
4. To re-elect Mr. Sallullalige Danushka Indramal De Silva as a Director of the Company in terms of Article 26(05) of the Articles of Association of the Company as recommended by the Directors.
5. To re-elect Mr. Yudhishtaran Kanagasabai as a Director of the Company in terms of Article 26(05) of the Articles of Association of the Company as recommended by the Directors.
6. To re-appoint Messrs. KPMG Chartered Accountants of No.32A, Sir Mohamed Macan Marker Mawatha, Colombo 03 as the Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
7. To inform of non-compliance with the Minimum Public Holding Requirement in terms of Rule No. 7.6.iv (a) of the listing rules of CSE and the adopted / proposed remedial action.
8. To authorize the Board of Directors to determine contributions to charities and other donations for the financial year ending 31st March 2026.

By Order of the Board



**Varners International (Private) Limited**

Company Secretaries of Abans Finance PLC,  
Level 14, West Tower,  
World Trade Center,  
Echelon Square,  
Colombo 01.  
20th August 2025

### Notes :

1. A member unable to attend the above meeting is entitled to appoint a proxy, who need not be a member, to attend and vote in his/her place.
2. The completed Form of Proxy should be deposited at the office of the Secretaries at Level 14, West Tower, World Trade Center, Echelon Square, Colombo 1, or No. 05, Bethesda Place, Colombo 04 not less than 48 hours before the time fixed for the meeting.

# Guidelines and Registration Process for the Annual General Meeting (AGM) VIA Online Meeting Platform

Shareholders / Proxy holders who wish to participate in the Annual General Meeting of Abans Finance PLC to be held via an Online Meeting Platform (Virtual AGM), could do so by using a smart phone or a desktop computer.

If a Shareholder / Proxy holder intends to join the Virtual AGM via a smart device, it is necessary for him/her to download the "Zoom Mobile App" onto his /her smart device.

Similarly, if a Shareholder / Proxy holder wishes to attend the Virtual AGM via a Laptop / desktop computer, the link can be opened by downloading the "Zoom Desktop App" to the respective Laptop / Desktop computer (compatible web browser: Google Chrome).

1. Shareholder who wishes to participate in the Virtual AGM of Abans Finance PLC either by themselves or through their Proxies are requested to forward their details to the Company Secretaries as per the attached REGISTRATION FORM.
2. The duly completed and signed REGISTRATION FORM should be delivered to the Company Secretaries, Varners International (Private) Limited, Level 14, West Tower, World Trade Center, Echelon Square, Colombo 01 or to the email address, [asanka@varners.lk](mailto:asanka@varners.lk) to be received by the Secretaries by 10.00 a.m. on 26th September . If participation in the meeting through a Proxy, the duly completed and signed FORM OF PROXY should accompany the REGISTRATION FORM.

Note:


If a Proxy is appointed, the information set out in the REGISTRATION FORM pertaining to the Proxy holder should tally with the information indicated in the duly completed FORM OF PROXY submitted by the Shareholder.

3. The Company will verify all registration requests and identification details received as aforesaid, against the details of Shareholders set out in the Shareholders' Register and accept the registrations for the Virtual AGM if it is satisfied with the request and supporting documents (if any). Shareholders whose registration requests are accepted will receive an email confirmation from the Company acknowledging the acceptance of their request.
4. The Shareholders whose registration requests have been accepted will receive a further email from the Company 24 hours prior to the commencement of the AGM. This email will provide a web link for online registration referred to as "Virtual AGM Registration". If the Shareholder has appointed a valid Proxy this email will be forwarded to the relevant Proxy holder.
5. (i) The Shareholders / Proxy holders are requested to use the web link, which will be forwarded by the Company as referred to in 4 above and click on the "Virtual AGM Registration" in order to complete online registration for the Virtual AGM.  
  
(ii) On clicking the link "Virtual AGM Registration", Shareholders / Proxy holders will be redirected to an interface where they will be requested to enter their first name, last name, email address, re- enter email address and NIC No. / Passport No. / Co. Reg. No (In entering these details the participants are required to ensure that correct details as included in the REGISTRATION FORM referred to in 2 above are entered in the said online registration process, since any mismatch will be considered as an unsuccessful log in)  
  
(iii) After successful completion of entering of the details as referred to in 5 (ii) above, the participants are requested to click on "REGISTER" which will be prompted on their screens enabling them to receive the meeting link.

## Guidelines and Registration Process for the Annual General Meeting (AGM) VIA Online Meeting Platform (Contd.)

6. The Shareholders who successfully complete their online registration as set out in 5 above, will receive the log in link for participation in the meeting referred to as 'Click here to Join the Virtual Meeting' and credentials.
7. In order to join the Virtual AGM, participants are required to click on 'Click here to Join the Virtual Meeting' In some instances the system calls for the credentials and if that is required, please enter the credentials to gain access to the Virtual AGM.
8. On completion of this process, you will be directed to the Virtual AGM Zoom Platform, where you can participate in the Virtual AGM.

It is recommended that the Shareholders / Proxy holders complete the process outlined in 5, 6, 7 and 8 above and join the AGM at least ten (10) minutes before the start of the AGM. The Online Meeting Platform will be active thirty (30) minutes before the time appointed for the commencement of the meeting.

9. Shareholders / Proxy holders may use the Q & A tab or the Hand Raise  icon appearing on the screen respectively, to submit their questions or concerns in typed format or verbally. The system will allow a pop-up message to unmute the microphones and to allow video options.
10. After completion of the process outlined in 7 above in respect of all eligible Shareholders and Proxy holders, the Company will forward a separate email to the Shareholders / Proxy holders or representatives (as applicable) who are entitled to vote, providing a separate link to vote on all resolutions included in the Notice of Annual General Meeting dated 20th August.
11. Shareholders / Proxy holders who intend participating in the meeting are requested to open the said link and be prepared to cast their vote when each resolution is taken up for voting by the Chairman. Participants are advised to "refresh" the voting page and cast the vote as per their discretion in the given space and click "SUBMIT" enabling the Company to receive the responses.
12. When declaring the voting on a resolution, Chairman will take in to account the voting of the Shareholders/ Proxy holders participating virtually.
13. 60 seconds will be allocated for Shareholders/ Proxy holders to cast their vote in respect of each resolution.
14. The results will be processed and announced by the Chairman 30 seconds after the end of the time slot allocated for voting.
15. In a situation where a Poll is demanded and Shareholders are required to vote on the Poll, a mechanism similar to that referred for voting, will be applicable. This will be moderated by the Chairman of the meeting.

It is advised to check the online AGM access at least 3 hours prior and also ensure that your devices have an audible sound system so that you could participate in the AGM comfortably.

# Form of Proxy

I/We\*.....

(NIC/Passport No./Co Reg No.) ..... of .....

..... being a shareholder/shareholders\* of **ABANS FINANCE PLC**, hereby appoint;

Mr. K J C Perera ..... of Colombo or failing him

Mr. Hiran Chaminda Embuldeniya ..... of Colombo or failing him

Mr. Thulci Aluwihare ..... of Colombo or failing him

Mr. Pasan Thaminda Wanigasekara ..... of Colombo or failing him

Ms. Sharini Chamalka Kulasinghe ..... of Colombo or failing her

Mr. Sallukkalige Danushka Indramal De Silva ..... of Colombo or failing him

Mr. Yudhishtan Kanagasabai ..... of Colombo or failing him

..... of .....

..... (National Identity Card Number ..... ) as my/our\* proxy to represent

me/us\* and to vote as indicated hereunder for me/us\* and on my/our\* behalf at **the Annual General Meeting** of the

Company to be held on **29th September 2025 at 10.00 am** and at every poll which may be taken in consequence of

the aforesaid meeting and at any adjournment thereof.

	FOR	AGAINST
1. To receive and adopt the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2025 and the Report of the Auditors there on.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr.Pasan Thaminda Wanigasekara as a Director of the Company in terms of Article 26(05) of the Articles of Association of the Company as recomonded by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Ms.Sharini Chamalka Kulasinghe as a Director of the Company in terms of Article 26(05) of the Articles of Association of the Company as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. Sallullalige Danushka Indramal De Silva as a Director of the Company in terms of Article 26(05) of the Articles of Association of the Company as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr. Yudhishtan Kanagasabai as a Director of the Company in terms of Article 26(05) of the Articles of Association of the Company as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Messrs. KPMG, Chartered Accountants of No.32A, Sir Mohamed Macan Marker Mawatha, Colombo 03 as the Auditors of the Company for the ensuring year and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
7. To inform of non-compliance with the Minimum Public Holding Requirement in terms of Rule No. 7.6.iv (a) of the listing rules of CSE and the adopted / proposed remedial action.	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorize the Board of Directors to determine contributions to charities and other donations for the financial year ending 31st March 2026.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... 2025

.....

Signature of Shareholder

\* Please delete the inappropriate words.



## Form of Proxy (Contd.)

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### Instructions for the Completion of the Form of Proxy

1. Please perfect the Form of Proxy after filling in legibly your name and address and by signing in the space provided and inserting the date of signature.
2. Please return the completed Form of Proxy to the Office of the Secretaries at Level 14, West Tower, World Trade Centre, Echelon Square, Colombo 01 or No. 05, Bethesda Place, Colombo 04 after crossing out one or the other of the alternative words indicated by the asterisks on the body of the form. The Form of Proxy shall be lodged with the Secretaries not less than Forty Eight (48) hours before the time appointed for holding the Meeting.
3. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the completed Form of Proxy for registration, if a Power of Attorney has not already been registered with the Company.
4. If the shareholder is a company or body corporate, the Form of Proxy should be under its Common Seal in accordance with its Articles of Association or Constitution.
5. If there is any doubt as to the manner in which the proxy holder should vote by reason of the manner in which instructions in 2 above have been carried out, the proxy holder will vote as she/ he thinks fit.

# Abans Finance PLC - Annual General Meeting 2025

## Registration of Shareholder Details for Online Virtual Meeting

To : Abans Finance PLC, No.456, R. A. De Mel Mawatha, Colombo 03

1. Full Name of the Shareholder : .....  
.....  
.....

2. Shareholder's Address : .....  
.....  
.....

3. Shareholder's NIC No. / Passport No. / Co. Reg. No. : .....

4. Shareholder's Contact No.: (Residence) ..... (Mobile) .....

5. Name of the Proxy Holder : .....

6. Proxy holder's NIC No. / Passport No. / Co. Reg. No. : .....

7. Proxy holder's Contact No.: (Residence) ..... (Mobile) .....

8. Shareholder's/ Proxy holder's E-mail : .....

9. Participation at the AGM via an online platform: YES /NO

10. Name of Joint holder/s (If any) : (i) .....  
(ii) .....

11. National Identity Card number/s of Joint holder/s: : (i) .....  
(ii) .....

.....  
Shareholder's signature

Date :

.....  
1st Joint holder's signature

Date :

.....  
2nd Joint holder's signature

Date :



## Abans Finance PLC - Annual General Meeting 2025 (Contd.)

### Registration of Shareholder Details for Online Virtual Meeting (Contd.)

#### Note:

- 1) Shareholders are requested to provide their email address in the space provided in order to forward the Virtual AGM Zoom link & necessary instruction, if they wish to attend the AGM through the online platform.
- 2) In the case of a Company/Corporation, the Shareholder details form must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
- 3) In the case of a Power of Attorney, the Shareholder Details Form signed by the Power of Attorney must be deposited at the Registered Office of the Company for registration.



Annual Report 2024/2025

- A QR Code containing the Annual Report information is forwarded herewith.
- All documents relating to the AGM must be forwarded to the Company by post or by email to the following email address **suresh@abansfinance.lk** or **nipunis@abansfinance.lk** 48 hours prior to the time fixed for the meeting.
- The Notice of meeting, Form of Proxy, and other related documents will also made available on the website of the **Colombo Stock Exchange ([https://www.cse.lk / home / market](https://www.cse.lk/home/market))** The Company will endeavor to dispatch the aforementioned documents by ordinary post to the shareholders in due course provided the postal services are duly operational.

#### DOCUMENTS ATTACHED

The following documents are attached to this circular to shareholders:

- Notice of Meeting
- Form of Proxy
- Circular to Shareholders giving Guidelines & Regulations Process for the Annual General Meeting.
- Online meeting Registration Form

By Order of the Board of Abans Finance PLC



**Varners International (Private) Limited**  
Company Secretaries of Abans Finance PLC

20th August 2025

# Method of Holding the AGM/Electronic Platform

Only the key officials who are essential for the administration of the formalities of the meeting will be physically present in the Board Room of the Company and all others including shareholders will participate via an online meeting platform in line with the guidelines issued by the Colombo Stock Exchange (CSE) for conducting of virtual AGMs.

## Registration Procedure

Those Shareholders and Proxy holders, who wish to participate via the Online Meeting Platform, should notify the Company of such intention by completing the attached Registration of Shareholders Details Form.

Registration of Shareholders Details Form. Will also be made available on the website of the Colombo Stock Exchange (<https://www.cse.lk/home/market>). Arrangements will be made for shareholders who wish to participate in the AGM via an online meeting platform, with log-in information being forwarded to shareholders in advance of the meeting.

In order to enable such facilities, shareholders who wish to participate in the AGM via the online meeting platform are requested to forward us their details, by duly completing the annexure 1, (Registration of Shareholders Details Form.) by way of emailing it to the Company to the emailing address [suresh@abansfinance.lk](mailto:suresh@abansfinance.lk) or [nipunis@abansfinance.lk](mailto:nipunis@abansfinance.lk) or send the duly completed form, by post to reach the company, 48 hours prior to the time fixed for the meeting to the registered address of the Company Secretaries as stated below;

Varners International (Private) Limited,  
Level 14, West Tower, World Trade Centre,  
Echelon Square, Colombo 01.

## Appointment of Proxy Holders

The Shareholders may vote by Proxy through the appointment of a Proxy to present, speak and vote at the meeting on his/her behalf in line with instructions contained herein.

The Form of Proxy will also be made available on the corporate website of the Company and the website of the CSE and those shareholders who wish to submit their Form of Proxy should duly complete the same as per the instructions given here in. The duly completed Form of Proxy should be forwarded to the Company by way emailing it to the Company emailing addresses [suresh@abansfinance.lk](mailto:suresh@abansfinance.lk) or [nipunis@abansfinance.lk](mailto:nipunis@abansfinance.lk) or send the duly completed Form, by post to Varners International (Private) Limited, Level 14, West Tower, World Trade Centre, Echelon Square, Colombo 01 or No. 05, Bethesda Place, Colombo 04 to reach the Company Secretaries, 48 hours prior to the time fixed for the meeting to the registered address of the company.

## Queries of Shareholders

Shareholders who are unable to participate at the virtual meeting via the designated online meeting platform are invited to forward their suggestions, questions & concerns (if any) relating to items on the agenda, to the following email address [suresh@abansfinance.lk](mailto:suresh@abansfinance.lk) or [nipunis@abansfinance.lk](mailto:nipunis@abansfinance.lk) to reach Company 48 hours prior to the time fixed for the meeting, the Board will ensure that they are discussed and addressed at the AGM, if relevant.

## Accessing the Annual Report

In keeping with circular 04/2022 dated 27th May 2022, issued by the Colombo Stock Exchange, the Company will not be circulating the Annual Report for the Financial Year 2024/2025 in printed form, to the Shareholders.

Shareholders may access the Annual Report in the CSE website and from the Company's corporate website. You may contact Mr.Dushan Suresh if you require assistance in accessing the above link any time between 9.00 am to 5.00 pm on working days on the number of 011-2208888 ext: 413, 415.

## Notes

## Notes



# Corporate Information

## Name of the Company

Abans Finance PLC LEGAL FORM A Public Limited Liability Company Incorporated in Sri Lanka on 8 April 2005 under the Companies Act No. 17 of 1982. Re-registered on 15 June 2009 in terms of the Companies Act No. 7 of 2007. A Finance Company licensed by the Monetary Board of the Central Bank of Sri Lanka in terms of The Finance Business Act No. 42 of 2011. A Registered Finance Leasing Establishment under the Finance Leasing Act No. 56 of 2000. An approved Credit Agency under the Mortgage Act No. 6 of 1949 and the Trust Receipts Ordinance No. 12 of 1947.

## Registration No.

PB 1015 PQ

## Stock Exchange Listing

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

## Registered Office

No. 498, Galle Road, Colombo 03.

## Head Office

No. 456, R.A.De Mel Mawatha, Colombo 3.

**Tel.** 011-2208888 **E-mail :** [inquiries@abansfinance.lk](mailto:inquiries@abansfinance.lk)

## Auditors

M/s KPMG Chartered Accountants, No. 32A, Sir Mohamed Macan Marker Mawatha, Colombo 03.

## Internal Auditors

Chief Internal Auditor Abans Group of Companies 498, Galle Road, Colombo 03.

## Company Secretaries

Varners International (Pvt) Ltd., Level 14, West Tower, World Trade Centre, Echelon Square, Colombo 1.

## Lawyers

Varners Level 14, West Tower, World Trade Centre, Echelon Square, Colombo 1.

## Bankers

- Bank of Ceylon
- Seylan Bank
- People's Bank
- Commercial Bank
- Pan Asia Bank
- Union Bank
- Sampath Bank
- Hatton National Bank
- Cargills Bank
- Nations Trust Bank
- National Development Bank
- DFCC Bank

## Tax Identification No.

134012439-0000

## Board of Directors

- **Mr. K. J. C. Perera** – Chairman
- **Mr. R. Pestonjee** – Non-Executive Director - (Resigned from the Board w.e.f 05th November 2024)
- **Mr. H. C. Embuldeniya** – Non Independent Non-Executive Director
- **Mr. Thulci Aluwihare** – Independent Non-Executive Director
- **Mrs. D. S. Ratnayake** – Independent Non-Executive Director (Resigned from the Board w.e.f 08th July 2025)
- **Mr. S. M. S. S. Bandara** – Independent Non-Executive Director (Resigned from the Board w.e.f 31st December 2024)
- **Mr. K. A. Perera** – Independent Non-Executive Director (Appointed to the Board w.e.f 04th October 2024 and resigned from the Board w.e.f 10th March 2025)
- **Mr. P. T. Wanigasekara** – Independent Non-Executive Director (Appointed to the Board w.e.f 04th October 2024)
- **Ms. S. C. Kulasinghe** – Independent Non-Executive Director (Appointed to the Board w.e.f 11th December 2024)
- **Mr. S. D. I. De Silva** – Non Independent Non-Executive Director (Appointed to the Board w.e.f 24th February 2025)
- **Mr. Y. Kanagasabai** – Independent Non-Executive Director (Appointed to the Board w.e.f 30th May 2025)

Designed & Produced by :





**Abans Finance PLC**

No.456, R. A. De Mel Mawatha, Colombo 03, Sri Lanka.

**Tel :** +94 11 2208888 **Fax :** +94 11 2375517

**Fitch Credit Rating :** A-(lka) Stable Outlook.

**E-mail :** [inquires@abansfinance.lk](mailto:inquires@abansfinance.lk)

**web :** [www.abansfinance.lk](http://www.abansfinance.lk)

A Finance Company Licensed by the Monetary Board of the Central Bank of Sri Lanka  
under the Finance Business Act No. 42 of 2011